The China Weekly REVIEW

密勒氏評論報

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密勒氏評論報

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TRIBUTE TO AN AMERICAN LAWYER

THE *China Law Review*, leading publication in the English language in the Far East devoted to the subject of Law, paid high tribute in its February issue to Dr. George Sellett, American attorney in Shanghai. It probably will be news to many persons, outside of legal circles, that Dr. Sellett for the past ten years has been a member of the faculty of the Comparative Law School of China, a department of Soochow University, located in Shanghai. All through this period Dr. Sellett found time, outside of his duties as U. S. District Attorney and a growing private practice, to serve as a member of the faculty of a Chinese law school which probably has had more influence on legal education than any other school in China. This has been due to the circumstance that the school was located in Shanghai, the commercial and industrial metropolis of the country, where most of the legal business and most of the lawyers are concentrated. Shanghai, because of its peculiar status and the unique position of foreigners and their business and professional activities with respect to China, offers one of the most interesting fields in the world for the practice of law—and also, needless to mention, for the teaching of law. Dr. Sellett, as a teacher of law and as a practitioner, has taken advantage of the opportunity offered for service in this field. Evidence that the service has been appreciated is contained in the February issue of the *China Law Review* which devoted several pages of appreciation to the excellence of his work. President Y. C. Yang of the University declared that the success of the school was due to its distinguished faculty, including in its membership Dr. George Sellett, "a popular teacher in the classroom and wise counsellor at faculty meetings . . . the lawyers he would help the school to produce must be men not only with expert knowledge but also with sterling character."

Dr. John C. H. Wu, China's eminent jurist, also contributed an article to *The Review*, wherein he declared that he had never met any person who could be regarded as the peer of Dr. Sellett in the field of contracts. He expressed the opinion that Dr. Sellett had so thoroughly mastered this branch of law and had so impressed his students with the importance of the subject, "that no student could talk of contracts without the image

of Dr. Sellett spontaneously rising before their minds."

Space is not available for an extended reprint of these sincere Chinese expressions of appreciation for a foreigner, an American attorney, who saw and accepted an opportunity for service, outside the strict activities of his profession, which brought little or no monetary reward, but which nevertheless has paid dividends in the relationships of Occident and Orient and their respective leaders, present and future. Dr. Sellett was born at Kangley, La Salle County, Illinois in 1898 and came to China in 1923. He received his education, academic and legal, at the University of Michigan, the legal degree being "D.J." which stands for Doctor of Jurisprudence. After several years of service and an excellent record as District Attorney in the U. S. Court, he recently resigned in order to devote his time to the private practice of law.

Island of Bad Repute---Forthcoming Russo-Japanese Struggle Over Sakhalin Oil

A NEW book which recently attracted considerable attention and some animosity in the Far East, entitled "The Secret War," was concerned with what has come to be known as the international struggle for oil. The book was written by F. C. Hanighen and was published by the John Day Company of New York. The book dealt primarily with the competition of the American Standard Oil group and the Shell oil interests, which struggle Mr. Hanighen dramatized into a "secret war" which extends into all phases of the relations of nations and which, in his opinion, will ultimately provide the "fuel" for another world war. He argued that the vital need for oil as fuel for warships and airplanes makes it necessary that nations protect their supplies of oil, or if they do not possess supplies, to lay plans for obtaining reserves possessed by more fortunate nations. This is not intended as a review of Mr. Hanighen's book, some portions of which may have been exaggerated for dramatic effect, but it's well worth reading nevertheless because of the information which it contains about the oil industry which rates as a major world enterprise and in consequence contributes its share toward the complication of nations. Similar books might be written about iron, copper, gold, silver, tin, or even cotton but Mr. Hanighen's "secret oil war" is of special interest at this particular time and in this particular part of the world because of certain recent developments (also pending developments) in the Far Eastern oil situation.

Since Mr. Hanighen's book was published by the John Day company, it was more than a coincidence that *Asia Magazine* printed an article in its March issue dealing with Sakhalin island where oil constitutes a major source of trouble between Japan and the Soviet Union. Richard John Walsh, the editor of *Asia*, who made a trip to the Far East a year ago, is also the president of the John Day Company. Mr. Hanighen's book for some reason made no mention of the battle between the foreign oil companies and Imperial Japan over the oil monopoly which Japan has set up in the puppet state of Manchukuo, or of Japan's attempt to force the foreign oil companies to maintain a six months' supply in Japan at all times for Japan's convenient seizure in the event of war. But the book does contain several pages of history of the "island of ill repute," which phrase we have borrowed from the article in *Asia*, which was written by Vladimir Koudrey, a Russian.

That the oil element does constitute an important phase of the so-called Far Eastern problem is about as obvious as anything can be in this complicated world. Last week the press associations carried reports from Tokyo stating that the Japanese government had definitely rejected the protests of the British and American governments over the oil monopoly which the Japanese have set up in Manchukuo. Japan still insists that Manchukuo is an independent state and at the same time claims that her puppet child has not violated any treaty or contravened its "open door" declaration in establishing an oil monopoly. Despite the fact that the Manchukuo oil monopoly was established and is controlled by Japanese subjects, acting with the official knowledge and consent of the Japanese government, the Tokyo Foreign Office claims that Japan has no responsibility for the situation, and therefore "is in no position to intrude or interfere in the domestic affairs of Manchukuo." Thus the illegal state of Manchukuo, established by Japan in open violation of the Nine-Power treaty, proceeds to commit further illegalities which are highly detrimental to the commercial interests of other nations, but which, at the same time are highly beneficial to Japanese interests. The new oil monopoly is slated to go into effect before the middle of the present month and according to local report in Shanghai the large foreign oil companies which have heavy investments in Manchuria are planning to fold up their tents and get out. This doesn't mean, however, that the battle is over on this front, or in Japan either where the military general staff is trying to compel the American and British companies to keep on hand, stored in Japan, stocks equivalent to six months' requirements of the Japanese trade. The large foreign oil companies, in their selling activities in the Far East, have always kept considerable reserve quantities in their storage tanks located at the strategic selling centers. They might be willing, in the event Japan would be agreeable to paying the extra expense, to keep six months' supplies on hand, but Japan apparently wants the companies to stand the expense—and also the risk of Japanese confiscation in the event of a war crisis.

The latest on the Manchurian phase of the oil controversy was a report in the *Asahi Shimbun*, (Tokyo) on March 20 stating that the Soviets had decided to withdraw from Manchuria when the Japanese enforce their oil monopoly on April 10. The report claimed that the Soviet oil concern had not shipped any oil to Manchukuo since the first of the present year and was now engaged in disposing of its stocks. In recent years the Soviet oil concern has played an important role in the competition in Manchuria, particularly in North Manchuria where it monopolized most of the business. The Japanese report alleged that the Russians had suffered such severe losses due to their competition with Standard, Texas, Asiatic and the Japanese company, that they had decided to withdraw from the field. However, this report lacked confirmation from other than Japanese sources.

A complete exposition of the part played by oil in the political complications of the Far East, should also contain extended reference to the Netherlands Indies where British and Dutch interests are combined in keeping the Japanese from seizing sources of supply in that quarter. The Singapore naval base upon which the British are expending vast sums is concerned with the protection of Anglo-Dutch oil reserves in the Netherlands Indies as much as it is concerned with the protection of Britain's Indian empire. But in the present instance we are concerned primarily with the oil battle on the northeastern Asiatic forntier which concerns America, Britain, Russia and Japan. Thus far China has remained a spectator of this struggle due to the fact that China is only a selling market and not a producing market. Should oil be discovered in paying quantities in Chinese territory, the story would be different—immediately.

SUKIYAKI A L'IMPERIAL

—*North-China Daily News*,

This cartoon, dealing with Japan's purchase of the Chinese Eastern Railway, was drawn by G. Sapojnikoff, White Russian artist, and was published in the local British paper on March 27.

There is an element in the China oil situation, however, which representatives of the large American and British companies do not like to discuss and that is concerned with the possibility that China might follow the example of Japan in Manchukuo and establish her own oil monopoly. This was tried on a minor scale at Canton several years ago but was not successful. But despite the Canton failure there recently have been rumors that Japan, in accordance with her present "cooperative" schemes, might extend China assistance in the creation of an oil monopoly here which might be disastrous to the selling activities of the large American and British companies and the Soviet oil interests as well.

Aside from present interest in the squabble over the Manchurian oil monopoly and the complications of the oil companies in Japan, the next element of outstanding concern has to do with Japan's present plans to obtain control of the northern, or Russian-owned end of Sakhalin island, which is the only oil producing area of consequence in the Far East, aside from the Netherlands Indies, referred to in the foregoing paragraphs.

Sakhalin island is located directly north of Japan and is on the same line which passes through Vancouver island off the west Canadian coast and Newfoundland on the east Canadian coast. It is 600 miles long and about 100 miles wide at its broadest point. It's a part of the same partly submerged mountain chain which forms the islands of Japan, Formosa and the Philippines stretching up and down the coast of Asia. The first Russian settlements on Sakhalin were established in 1842, but it was not known until 1849 that it was not a peninsula connected with the mainland. Since the strait which separates the northern end from the mainland is narrow and shallow Soviet engineers have suggested the construction of a causeway which would enable the development of direct railway connection with the mainland, thus obviating a serious shipping problem due to the rough seas prevailing in that area. After a long dispute with Japan about the ownership of Sakhalin the issue was settled in 1875 when Russia ceded the Kuriles to Japan in exchange for a clear title to the island. For many years thereafter the Czarist government used it as a penal colony, this system ending in 1904 when Japan occupied the

territory at the beginning of the Russo-Japanese war. At the end of the war the Japanese got the southern half of the island, which they promptly renamed Karafuto. Prior to March 30, 1920 when the American troops evacuated Vladivostok, the Japanese had grabbed the Russian portion of Sakhalin, in retaliation for the action of Russian partisans in killing a garrison of some 600 Japanese troops which had been stationed on the mainland at Nikolaievsk at the mouth of the Amur. Japan held the northern end of Sakhalin for more than five years, or until May, 1925. In that period the Japanese took out some 22,000 tons of oil, considerable coal and timber and at the same time killed off practically all fur-bearing animals. After regaining possession, in accordance with the Russo-Japanese treaty of Jan, 20, 1925 the Soviet authorities set about to develop the island in earnest.

But two years previously, or in 1923, the name Sakhalin became familiar to American newspaper readers due to its indirect connection with the oil scandals of the Harding administration. The Soviet authorities, in order to block the Japanese, granted an oil concession on Sakhalin to Harry F. Sinclair, Oklahoma oil millionaire and opponent of the Rockefellers. Sinclair, in exchange for the concession, agreed to invest G.$115,000,000 in Soviet oil development and also agreed to use his influence with President Harding to obtain American recognition of the Soviet government. But the Japanese refused to evacuate and arrested the engineers that Sinclair sent to the island to make a survey. Since the oil bribery scandals which later sent secretary Fall of Harding's cabinet to jail, also deeply involved Sinclair, the United States refused to make the Sinclair concession an issue with Japan. Consequently the Sinclair concession was allowed to lapse.

The Soviet authorities were therefore compelled to make a deal with the Japanese for the exploitation of the northern Sakhalin oil fields, the provisions in the treaty of Jan. 20, 1925 being to the following effect:

> "1. The Government of the Union of Soviet Socialist Republics agrees to grant to Japanese concerns recommended by the Government of Japan the concession for the exploitation of 50 percent in area, of each of the oil fields, in Northern Saghalien which are mentioned in the memorandum submitted to the Representative of the Union by the Japanese Representative on August 29th, 1924. For the purpose of determining the area to be leased to the Japanese concerns for such exploitation, each of the said oil fields shall be divided into checker-board squares of from fifteen to forty dessiatines each, and a number of these squares representing 50 percent of the whole area shall be allotted to the Japanese, it being understood that the square to be so leased to the Japanese, are as a rule, to be non-contiguous to one another, but shall include all the wells now being drilled or worked by the Japanese. With regard to the remaining unleased lots of the oil fields mentioned in the said memorandum, it is agreed that, should the Government of the Union of Soviet Socialist Republics decide to offer such lots, wholly or in part, for foreign concession, Japanese concerns shall be afforded equal opportunity in the matter of such concession.
>
> "2. The Government of the Union of Soviet Socialist Republics also agrees to authorize the Japanese concerns to prospect oil fields, for a period of from five to ten years on the Eastern coast of Northern Saghalien over an area of one thousand square versts to be selected within one year after the conclusion of the Concessions contracts, and in case oil fields shall have been established in consequence of such prospecting by the Japanese, the concession for the exploitation of 50 percent, in area, of the oil fields so established shall be granted to the Japanese."

In the 10 years which have elapsed since the signing of the Russo-Japanese treaty, Japan's oil takings, according to a recent article in the *Japan Advertiser*, have increased from 29,829 tons in 1926 to 150,000 tons in 1933, the latest figures available. Since Japan's total oil production from wells in Japan proper and Sakhalin in 1933 amounted to 355,105 tons, it may be seen that the output of the Sakhalin wells, leased from the Soviets, is a matter of vital importance to the Japanese navy which uses it as fuel.

But Japan's concession for the exploitation of oil in the Russian section of the island expires this year, hence the subject becames a matter of tremendous importance. This explains why the issue was raised in the Imperial Diet, on the next day following the recent official announcement of the sale of the Chinese Eastern Railway to Manchukuo. Foreign Minister Koki Hirota declared that the Soviet ambassador Joffe who negotiated the treaty in 1925 had promised to sell northern Sakhalin to Japan. Since Japanese are now seriously involved with the Occidental powers on another phase of the oil issue, it is unlikely that the Japanese will relinquish their hold on northern Sakhalin oil without a serious struggle. When the Japanese naval authorities, who control the Sakhalin oil concessions, first began to talk about buying out the Soviet interests in the island, a Soviet diplomat declared that Russia wouldn't sell, even if Sakhalin was a barren rock.

In the meantime the Soviets, now in the middle of their second Five Year Plan, are rapidly extending their industrialization program into the Siberian Far East. This industrialization program is beginning to require large quantities of oil, hence the Russians are beginning to inquire: Why transport Baku oil half way around the world to Vladivostok when we already own paying wells in Sakhalin? In other words, why continue the Japanese contract when we need the oil for our airplanes, tractors, motor trucks, warships and industrial establishments? The Russians have already begun to answer these questions in positive manner by building oil refineries and storage tanks for the Sakhalin surplus in the Khabarovsk district where the Far Eastern red army has its headquarters. Last summer large quantities of crude oil were transported up the Amur from Sakhalin to Khabarovsk where it was stored in preparation for the opening of the refineries.

The Japanese newspapers, under official inspiration, recently declared that the visit of Anthony Eden, British Under-Secretary for Foreign Affairs, to Moscow, was inspired by the Soviets for the purpose of inaugurating an Anglo-American-Soviet agreement against Japan in the Far East. The Japanese newspaper *Kokumin Shimbun* on March 29 declared that certain

European powers were trying to arrange the situation so that Russia could shift the main strength of her army from Europe to the Far East. As such a move would be detrimental to Japan's ambitions in Asia, the *Kokumin* declared that the British move would have no effect on Japan's present policy of cultivating friendship with the Soviet Union. If Japan's suspicions about the real motive of Eden's visit to Moscow are correct, it would have a direct bearing on the Sakhalin oil issue in which Japan is vitally interested.

The New Fundamental Issue in the International Settlement

IN 1863 an American minister in Peking suggested to the Diplomatic Corps that "there should be a Chinese element in the municipal system of the International Settlement at Shanghai." But despite this recommendation, 65 years elapsed before the principle was put into effect. This was in 1928 when the Settlement authorities finally decided to add three Chinese to the Municipal Council, which, up to that time had consisted of nine foreigners. In 1930 two additional Chinese members were added, raising the Chinese representation to a total of five. From May 30, 1925, the date of the bloody Nanking road incident, the question of Chinese representation on the governing body of the Settlement constituted a fundamental issue between the die-hard foreigners and nationalist China at Shanghai. In February, 1934, the Chinese Ratepayers' Association petitioned for a further increase in Chinese representation from five to nine, which, had it been granted would have given the Chinese an equal voice with the foreigners in the municipal administration. But it was not granted, allegedly because of the opposition of the Japanese.

Thus there was introduced a new "fundamental issue" in the administration of the Shanghai Settlement, a Japanese demand for increased representation on the Council and an increased voice in municipal affairs generally. As the Japanese demands have not, as yet, been submitted in concrete form it is impossible to state them definitely, but reports in the Japanese newspapers indicated that the Japanese want increased representation on the Council, a paid Japanese "volunteer" force in the Hongkew section similar to the White Russian force now employed, Japanese police officials in all executive positions in the Hongkew area, large appropriations toward exclusive Japanese education, and finally, the Japanese want large numbers of their nationals appointed to departmental positions throughout the administration, positions now held almost exclusively by British subjects. Although many local Britons have expressed surprise at this development, there have been no illusions regarding Japanese future intentions here. William W. Lockwood, Jr., who investigated the situation, and whose findings were recently published by the *American Political Science Review*, said that practically all of the serious issues between the foreigners and Chinese at Shanghai would have been settled satisfactorily had it not been for the Japanese intervention early in 1932. The Japanese attack at Shanghai and stiffening of Japanese policy altered the situation. Since the signing of the peace agreement (May, 1932) creating a neutral zone about Shanghai, the Imperial Japanese navy has built in the Northern district a huge concrete structure, ostensibly a hospital and barracks for a garrison of 2,000 men, but in reality nothing less than a fortress. This building, situated so as to dominate the External Roads area, the chief railway station of Shanghai, and the new Chinese civic center, leaves little doubt as to Japanese intentions, not only in the External Roads area, but also with respect to the Hongkew section and the International Settlement generally.

The question therefore arises as to what the other foreigners, particularly the British who dominate the Settlement administration, intend to do about the new situation. Last year when the Chinese petitioned for increased representation on the Council, they were put off, allegedly, on the ground that the Japanese were opposed. Now, the British authorities might turn the thing around and tell the Japanese that the Chinese are opposed to increased Japanese representation but that argument obviously, would not be convincing because the Chinese are not at present in a position to oppose foreign encroachment from any quarter. So long as the Japanese demands have not been put in concrete form it is difficult to speculate upon what may happen, but much of the present uneasiness with respect to local conditions is due to uncertainty regardings the Japanese demands, plus rumors that the British have already made a secret deal with the Japanese for an increased voice in local affairs. Prior to the recent municipal election the local Japanese newspapers demanded four seats on the council, but stated that they might be satisfied with three. The "new deal" in Settlement affairs which the Japanese newspapers outlined provided for a re-shuffling of the council to include three Japanese, three Britons and three Americans, in place of the present line-up of 5:2:2, that is, five Britons, two Japanese and two Americans. Apparently, in an effort to obtain American support the Japanese claimed, in their newspaper propaganda, that the Americans also occupied an "inferior" position with respect to municipal affairs.

That the Japanese demands have created a ticklish situation is obvious because the British insist that the present line-up is based on a so-called "gentleman's agreement," which has been in existence for many years. M. Amano, chairman of the Amalgamated Association of Japanese Street Unions, declared in the course of an interview in the *North-China Daily News* on March 28 that the Japanese knew of no such agreement and insisted that the Japanese are entitled to at least three representatives. Mr. Amano based his argument on the important point that the Japanese had

demonstrated their deep interest in municipal affairs through the large percentage of their voters who turn out for the municipal elections. He cited figures showing that out of 860 registered Japanese voters, 751 of them, or 85 percent had actually voted in the election. The Japanese turnout was in glaring contrast to the situation which prevails in the other foreign communities, particularly the British, who apparently refused, or at least failed to vote because of a squabble in the British community over the methods used in selecting candidates. The Americans, for example, have for several years conducted a sort of primary for the selection of their two candidates, but this year the British adopted the unusual plan of picking a "slate" and then, in effect, ordering their people to vote for it, despite the unpopularity of some of the candidates and the unfamiliarity of at least one man with local affairs due to the fact that he had only resided in Shanghai for approximately a year. Another British candidate, A. J. Hughes, long active in municipal and civic affairs, was left off the ticket because of his alleged "anti-Japanese" attitude due to his connection with a leading Chinese insurance company. One of the Britons most active in promoting the so-called "slate" has long been intimately concerned with Japanese politics both in Manchuria and at Shanghai. The situation is therefore highly unsatisfactory because any move to increase the Japanese representation on the Council would simultaneously involve the dropping of one Briton or one American. As a matter of fact there already have been suggestions in British circles that the Americans, due to their small vote (most Americans reside in the French Concession), are actually entitled to only one member on the Council. Should this proposal be carried out the municipal line-up would be five Britons, three Japanese and one American on the Council.

The Japanese demand for increased representation, combined as it was with a declaration that the British are no longer entitled to dominate municipal affairs either on the grounds of population or investments, has served to emphasize again the highly unsatisfactory situation which prevails with respect to the government of the International Settlement. The voting franchise is based entirely on the ownership or rental of property, a system imported from England nearly three-quarters of a century ago and practically unchanged in its essentials since that time. British interests naturally found this system satisfactory because they originally owned most of the land, or had it registered in their Consulate-General. It also served for more than a half-century to keep the Chinese from interfering in the administration, despite the fact that the Chinese, for many years, have paid at least two-thirds of the taxes which support the local administration and a considerable portion of which is devoted to the maintenance of a little "standing army" which is used to prevent alleged Chinese "encroachment." Even in 1928 when the Chinese were permitted to elect members of their race to the Council, they were, however, not allowed to vote for the foreign candidates. According to the figures cited in the recent Japanese demand for increased representation on the Council, it was pointed out that the total number of possible foreign voters is 3,856, but only 1,587 of them actually voted and out of those who had sufficient interest to go to the polls, 571 were Japanese. This meant that only 812 voters of all non-Japanese nationalities participated in the election.

Turning to the situation which prevails in the Chinese community a report in the *China Press* on March 29 indicated that the total number of Chinese who possess voting qualifications, similar to the foreign qualification, is approximately 7,000, of which number 4,667 voted in the recent balloting for members of the General Assembly of the Chinese Ratepayers Association. This organization, composed of 27 members, will have charge of the election of the five Chinese councillors who occupy a minority position on the Settlement Municipal Council. The figures cited in this report show quite clearly that the Chinese qualified voters in the Settlement outnumber the total possible foreign vote in the proportion of almost 2 to 1, but when considered with respect to the number of foreigners who actually voted in the last election, the Chinese voters outnumber the foreigners in the proportion of about 4 to 1.

The local British newspapers, in their advocacy of a continuance of certain phases of the present system, always fall back on the recommendations of Justice Feetham, a South African jurist who was brought here several years ago for the purpose of investigating local conditions and making recommendation for an improvement of the administration. While some of Justice Feetham's suggestions, particularly those pertaining to education for Chinese, were adopted in modified form, his larger proposals looking toward the ultimate reconstitution of the Settlement as a self-governing municipality under a charter from the National Government have been filed away in obscurity. According to Lockwood's view these recommendations "failed to satisfy the Chinese in 1931, and in 1934 the foreigners were content to let matters rest as they are". The Chinese, of course, realized that Justice Feetham was not an impartial authority; that he was brought to Shanghai and his investigation financed by the group which hoped to prolong its control indefinitely.

Since the British controllers of the Settlement have always regarded resistence to Chinese encroachment as fundamental element in local municipal policy, they are more or less flabbergasted at the new turn of events precipitated by the Japanese for a larger, if not controlling, voice in Settlement administration. Since they have no precedents to which they can refer in meeting this type of crisis, and since it was not envisaged in the Feetham report, they are more or less at a loss what to do about it. As a result there has been considerable intrigue behind the scenes which might, conceivably be highly detrimental to other interests. On the face of things it would seem logical to conclude that if the Settlement authorities are determined not to make any further concessions to the Chinese, then they cannot in justice refuse much longer to consider a redivision of the "spoils" among other foreign groups whose interests have increased while British interests have either decreased in proportion or have remained

stationary. The most obvious way of meeting the Japanese demands would be to immediately face the whole problem of reconstituting the status of the the Settlement either along the lines suggested in the Feetham report, or in some other manner. But since we are fully aware of the resistence which will be raised to this proposal, we imagine what will happen will be a continuance of the present unsatisfactory situation with the Japanese intriguing for control and threatening reprisals either in the Hongkew or Chinese sections. Prof. R. H. Tawney, in the course of a discussion of the problem of Shanghai and the traditional attitude of the rulers of the city toward the economic and social plight of the masses of the population, declared, "Political forces in China resemble Chinese rivers. The pressure on the dykes is enormous, but unseen; it is only when they burst that the strain is realized." Mr. Lockwood added to this the pertinent comment, "Politically and economically, the status of Shanghai is one of unstable equilibrium."

While the Chinese are now enjoying to fullest extent the predicament of the occidental "die-hards" who have constantly opposed any concession to the Chinese, this does not mean that the Chinese will always view the situation humorously, particularly when they come to realize, as they are certain to do sooner or later, that the foreigners are becoming involved in secret deals and intrigue which may become highly detrimental to those whose interests from the standpoint of population, investments and national rights far exceed those of all foreign interests combined.

In this connection it might be well to remember that the so-called Nanking road incident which set China afire in 1925 had its beginning in labor troubles in the Japanese cotton mills in Shanghai. But owing to the boneheaded police methods of the International Settlement and clever Japanese propaganda, tne whole Chinese agitation was turned against the British and ended up in a nation-wide anti-British agitation and boycott. Unless the British authorities handle the present crisis more intelligently than they have recently, they are likely to find themselves involved in another, and possibly more serious predicament. Nothing could be more satisfactory to the Japanese militarists than an anti-British move in China at the present time.

Government Takes Control of Bank of China--- T. V. Soong Elected President

FIVE hundred shareholders of the Bank of China, largest private banking institution in China, met at the Chinese Bankers' Association Mar. 30 under the chairmanship of Li Ming, chairman of the board of directors, and formally approved steps which will change the personnel of the bank, place it practically under government control, and increase its capital from about $25,000,000 to around $49,712,280, more than half of which latter sum will be held by the government. The essence of the new arrangement is that government control in the Bank of China is increased as the initial step in a comprehensive program to stabilize and unify the financial market and to stimulate China's foreign trade by increasing the mobility of Chinese capital. This initial step in the program is regarded as highly significant by Chinese financial leaders who see in it the fundamental machinery under which China's future industry and commerce will develop.

Dr. T. V. Soong, former Minister of Finance and now member of the Standing Committee of the National Economic Council, was elected President of the Bank of China at the meeting of the board of directors of the Bank held April 1 under the chairmanship of Dr. H. H. Kung., Vice-President of the Executive Yuan and concurrently Minister of Finance.

The election of Dr. Soong to the post was confirmed by an official appointment of the Ministry of Finance, which was made personally by Dr. Kung at the meeting. Following the appointment, Dr. Soong assumed his duties and appointed Sung Han-chang as general manager of the Bank.

Chang Kia-ngau, the outgoing general manager who had been transferred to the Central Bank as a Deputy Governor of the Bank, has instructed the various departments to wind up affairs under his management preparatory to handing over his duties to the new general manager.

The meeting of the Board was attended by the following 17 members: Dr. H. H. Kung, Li Ming, Pei Tsu-yee, K. P. Chen, Pien Po-mei, Chen Mien, Chow Liang (representing private shares) and Yeh Cho-tang, T. V. Soong, Shih Teh-mow, Y. M. Chien, Tu Yueh-sheng, Hu Pi-kiang, T. L. Soong, Wu Ta-chuan and Wang Pao-lung (representing Government shares.) The *Chekiai Agency* stated that Messrs. Chang Kia-ngau, Chow Tso-min, Yung Chung-kin and Feng Ken-kwang (representing private shares) were absent. The number of directors had been increased to 21 at the special meeting March 30.

Presiding at the meeting, Dr. Kung made a report on the decision of the recent shareholders' meeting to increase the capital of the Bank to the total of about $50,000,000, to be subscribed in equal amount by the Government and the private interests. The decision having been approved by the Ministry of Finance, Dr. Kung said, a new standing committee of the Board and a new president should be elected in accordance with regulation of the Bank.

After Dr. Kung's report, the meeting proceeded with its business and the following were elected members of the standing committee: Dr. T. V. Soong, Sung Han-chang, Feng Ken-kwang, K. P. Chen, Y. M. Chien, Yeh Cho-tang and Wang Pao-lung. Dr. Soong was elected, from among the members of the Committee, President of the Bank.

STATEMENT BY FINANCE MINISTER KUNG

Dr. H. H. Kung, Minister of Finance, when interviewed by the *Kuo Min News Agency* with regard to the increase of the capital and certain changes in the personnel of the Boards of Directors of the three leading Chinese Bank, namely, The Central Bank, the Bank of China and Bank of Communications, stated that it has long been the policy of the Government to further strengthen these three banks.

Dr. Kung remarked that in view of the general depression existing in late years, and the further aggravation of the situation as a result of the recent American silver policy, it is desirable to have the three banks cooperate with one another to the fullest extent in order to assist the money market here.

No significant changes are contemplated in respect to the Bank of Communications except additional Government representation on the Board of Directors.

These changes are made, however, for the purpose of securing fullest cooperation between the three banks, and to provide a solid foundation for the Chinese banking system.

Dr. Kung made it clear that the close cooperation of the three leading Chinese banks has no connection whatever with the Government's policy in respect to the monetary situation and that these three banks will retain their individual entities.

Dr. Kung emphasized that by working together these three banks will be most helpful to the Government in its desire to assist the money market here, which has lately manifested a more healthy condition, and that he is looking toward further improvements in the financial structure of China.

STATEMENT BY T. V. SOONG

T. V. Soong, former Minister of Finance and Governor of the Central Bank of China, when interviewed by the *Kuo Min News Agency*, stated that he has been appointed a director of the Bank of China but pointed out that the Managing Directors, from whom the Government designates the Chairman, are elected by the Board of Directors from among themselves.

He also stated that the present action of the Government, which is calculated to strengthen the three banks and ensure a common policy, has been the declared aim of the National

Government for many years. It is only by means of these three banks working in closest harmony that the money market here can be effectively assisted.

Interviewed by press representatives regarding his views on the plan proposed by Sir Victor Sassoon for the creation and circulation of a new currency based on the pound sterling as a measure of relief of the present monetary crisis, Dr. Soong expressed his disapproval of the plan. Dr. Soong pointed out that the plan called for an increase of the Chinese currencies, which, if adopted, could only lead to further confusion in the Chinese currency system. Dr. Soong stated, he believed that such a proposal would not meet with the approval of the financial authorities of the Government.

"Sir Victor Sassoon's proposals concern, not the relief of the stringency of the Shanghai market as is professed, but the protection of British trade with China," declared the Shanghai *Min Pao*. The *Min Pao* questioned if Sir Victor's proposals for a Shanghai "pound" will be beneficial to China, and saw in them a desire of British traders to build up a strong economic "barrack" in the Far East to safeguard their interests against the encroachment of the gold dollar, which has become more threatening ever since the United States adopted her silver purchase policy.

Li Ming Reads Annual Report of Bank of China's 1934 Operations

At the annual meeting of shareholders of the Bank of China held March 30, Li Ming, chairman of the board of directors, read the annual report of the bank's operations for the year ending December 31, 1934, prepared by Chang Kia-ngau, former general manager and managing director of the Bank of China for the past 22 years and appointed deputy governor of the Central Bank of China.

Among the points covered in the report are the following:

A comparison with 1933 an economic review of the year 1934 indicates progress in both the economic and political sphere. The year saw the suppression of communism along the Yangtsze River, resulting in increased stability in the central provinces. There has been a greater degree of harmony in political relations between the Central Government and Canton and between the Central Government and local government authorities. Co-operation between all parties has facilitated the construction of highways, irrigation projects, the improvement of light industries, rehabilitation in general, and the marked extension of communications facilities.

The difficulties which industry and commerce were already experiencing were greatly aggravated by the U. S. Silver Purchasing policy. To overcome this difficulty, China must make a determined effort to become self-supporting. The silver purchases of the U. S. have resulted in a wide disparity between the world price of silver and the price in China and because of the profit obtainable from sales abroad, silver exports from China have continued on a large scale. From July to October there was a net export of silver from China of $200,000,000. The National Government to prevent a crisis and to restrict silver exports, introduced a duty and equalization charge on October 15. Since then the exports of silver from China have decreased. On the whole, the silver export duty has proved a stabilizing influence on the money and financial situation. The outflow of silver from China last year is roughly one-sixth of the established circulation. If the ultimate object of the U. S. Purchase Act is to be accomplished—that is to say, if the gold and silver reserves of that country are to be established on a three-to-one basis by the purchase of an amount of silver estimated to be at least 1,400,000,000 ounces—the export of the total available silver stocks of both China and India will be insufficient for this purpose.

Nothing has done more to restore confidence in China than the Government's announcement that it has no intention of adopting a policy of currency devaluation, and that it will maintain a stable system in currency. If the Government is able to maintain confidence in the currency, the silver exported can be replaced through a free circulation and mobilization of the silver remaining in China. This process can be assisted by strengthening the system of bank-note issues.

Unless China can build up a stable and centralized economic organization she cannot hope to be able to cope with the difficulties arising from the world economic crisis.

Since the silver crisis developed last year Shanghai has suffered more seriously than any other city in China. The other ports, being financially dependent on Shanghai, have naturally also suffered, though not so seriously as Shanghai. The interior of China has been affected scarcely at all, and is quite unable to understand the crisis that has arisen in Shanghai. The reason is that in its organization China as a whole is an agricultural state in an early stage of economic development, but the port cities, on account of foreign influences, are organized to a greater extent than places in the interior.

To increase China's exports, it is necessary: (1) To immediately remove the duty on commodity exports; (2) To change the system of the inspection bureaus so that exporters may be relieved of inspection fees; (3) to improve the quality of export commodities. Temporary relief from China's present difficulties may be obtained by means of a foreign loan, but, if this is not forthcoming, China must depend on her own resources. Quotations for Chinese Government bonds abroad show that, despite the financial difficulties which China is experiencing from both international and domestic causes, her foreign credit standing has not suffered.

The U.S.A., Great Britain and Japan continue to occupy the leading position in China's foreign trade. Comparing imports in 1934 with the year 1933 there was a reduction of 23 per cent, while exports last year showed a reduction as compared with the previous year of 13 per cent, or a reduction in total trade of 20 per cent. As compared with the year 1931 there was a reduction of 57 per cent in China's total foreign trade. In 1933 there was a considerable decrease in exports from Manchuria, and the balance of trade between Manchuria and the rest of China was in favor of the latter, but at the end of 1933 there was a new Manchurian import tariff, which substantially increased the duty on, and restricted the exports of, cotton, flour and cigarettes from China. There was a decline of over 25 per cent in exports to Manchuria during 1934. It is recognized that the principal causes of rural decline are the high costs of production and the low prices which the farmers receive for their agricultural products. The only remedy is clearly to reduce production costs and raise the price of agricultural products. Rural rehabilitation in China will be speeded by: (1) Better irrigation facilities; (2) Provision of financial facilities for agriculture; (3) Improvement in agricultural organization; (4) Furtherance of educational training.

Three Principal Banks Receive Advance Portions of Currency Loan Bonds

The three leading banks, the Central Bank, Bank of China and Bank of Communications have received advance portions of the Currency Loan bonds sent them by the Ministry of Finance. Of the total of $100,000,000 worth of Currency Loan bonds which are to bear full face value, $30,000,000 are being delivered to the Central Bank, $25,000,000 to the Bank of China and $10,000,000 to the Bank of Communications.

The issuance of the bonds, Dr. Kung explained, is for the purpose of substantiating the capital of the three mentioned banks. They would not be circulated on the market at present he said. After these bonds had been taken in by the respective banks concerned, Dr. Kung further stated, they might be put into circulation at a later date.

Shanghai Bankers Association Discusses China's Economic Crisis

China again is faced with a grave economic crisis, according to the third annual report of the Joint Reserve Board of the Shanghai Bankers' Association issued Mar. 26 by Percy Chu, manager of the board. Other members of the standing committee are: Li Ming, chairman, Tsuyee Pei, S. M. Tong, Y. M. Chien, and C. M. Shu. The report, discussing China's economic future, expressed the belief that any remedial measures should be directed towards correcting the country's adverse balance of international payments. Steps had already been taken by member banks to act in cooperation with the government in the work of rural rehabilitarion and industrial development, with a view to putting China's balance of trade on a more satisfactory basis, and the hope was expressed that the economic situation would gradually improve.

Central Bank Directorate Increased by Six

New members of the Board of Directors and Supervisory Committee as well as the Governor and Deputy Governors of the Central Bank of China were appointed by Government Mandate Mar. 28 upon expiration of the term of office of the present members. Six additional members of the Board of Directors were appointed, bringing the total to 15 persons. The new members are: T. V. Soong, Yeh Chu-tsang, Chang Kia-ngau, Tang Yu-jen, Hsu Kan, and T. L. Soong, (brother of T. V. Soong).

The Chungking Branch of the Central Bank was formally opened Mar. 25, with Yang Hsiao-po as manager.

The Central Bank of China is also opening a branch at Kweiyang, the capital of Kweichow.

T. V. Soong to Start Szechuen Trip on April 10

April 10 has been tentatively fixed as the date for Dr. T. V Soong, leading member of the Standing Committee of the National Economic Council, to start his inspection trip to Szechuen.

T. V. Soong States that China Will Not Resort to Inflation

T. V. Soong, former Minister of Finance, on his assumption of the presidency of the Bank of China, April 2, stated that China will not resort to in inflation, and that the policy and routine of the institution will not be changed following the increase in Government capital.

General MacArthur to Be High Commissioner at Manila---Frank Murphy to Retire

IT WAS reported from Washington April 1 that General Douglas MacArthur, present Chief of Staff of the Army, will be named the first High Commissioner for the Philippine Islands. Frank Murphy, the Governor-General of the Philippines, who was expected to become the first High Commissioner, is stated to be retiring from politics. It is understood that Mr. Murphy's decision to retire is the result of bitter disappointment over the attitude of Cordell Hull, Secretary of State, towards the suggested enactment of higher tariff rates in the Philippines with a view to safeguard the American export of textiles, as well as his failure to secure sympathetic support for some of his proposals concerning the Philippines. General MacArthur, during 1922-25, served as commandant of the Manila district.

THE FILIPINO "PADDLES HIS OWN CANOE"

—Chicago Daily News, Feb. 7, 1935.

The appointment of General MacArthur means that America will lend its assistance to the Filipinos in establishing an army of its own. Details of the military position in the Philippines were given in a special dispatch from Manila, Feb. 23, in the *Chicago Tribune*.

There are today some 6,000 Filipinos with first class military training, some 5,000 with semi-military training, and possibly 10,000 who have had military science in school or college. Although General Emilio Aguinaldo's revolutionary veterans' association is reputed to have a membership of 10,000, the actual veterans among them, though certainly experienced in defensive warfare, are now largely decrepit, and the able-bodied and young are merely the descendants or kin of rebel fathers, grandfathers, uncles, or cousins. The 6,000 with first class training are actually enlisted in the Philippine Scouts, which is part of the Philippine department of the United States army and officered by regulars. The 5,000 with semi-military training are members of the Philippine constabulary.

For commissioned officer material there are in the Philippine department of the United States army some fifteen Filipino graduates of West Point with ranks ranging from second lieutenant to major. There are also several Filipino graduates of Annapolis, but they are either in the army as commissioned officers or in private employment. A number of constabulary officers have also pursued special courses in some army training centers in the United States, such as Fort Benning. The constabulary has a brigadier general as chief, about ten colonels, and a corresponding number of majors, captains and lieutenants.

It is reported that American military experts friendly to the Filipino leaders—General Douglas MacArthur, chief of staff, and Maj.-General Frank Parker, commanding general of the Philippine department, among others—have given assurance that with an appropriation of about $3,000,000 a year the Philippines can in six years build a military establishment practically impregnable for defense purposes. While no definite statements have been made as to plans for a navy, some details of the plan of building up an army have already been advanced.

A five-point program for strengthening the military defenses of the Philippine Islands is to be introduced. The constabulary, which will be known as the Phillippine army, will serve as the nucleus. Filipino scouts will be released from the American army; and absorbed into the Phillippine army; promising young Filipinos are to be sent to American army and flying schools for advance instruction; schools and colleges are to be entrusted with the conduct of an intensive citizenship training; and citizens' camps are to be established throughout the country to train he citizenry in general.

President Roosevelt Approves New Constitution

President Roosevelt March 23 approved the recently drafted insular constitution for the Philippines. According to its terms a decade hence a Philippine Republic is to be established, but the formalities on March 23 were accompanied by some indication that final separation from the United States might be postponed. President Roosevelt, in signing the document, said that, animated solely by feelings of cordiality, sympathy and loyalty, "the people of the United States and the Philippines have been conducting a great experiment, and during the period of the Commonwealth Government this experiment will continue until the ultimate withdrawal of United States sovereignty and the establishment of complete independence."

Filipinos Want Special Trade Privileges

The two main problems which face the Filipinos in connection with the consummation of their independence are that of the future of their trade and their safety. As between the two, the Filipinos generally may be said to attach more importance to the former. Under existing conditions, there is free trade between the United States mainland and the Islands, but it is always to be remembered that, despite all the diplomatic language that is used in connection with America fulfilling its promise to the Filipinos to eventually grant them independence, the actual impetus behind the decision to speed up the in dependence program, as things developed, came from three sources usually antagonistic, namely the American commercial interests, the farmers, and the labor unions. The Filipinos all along have tried to secure special privileges for their products into the United States when the political link with the U. S. is severed, and Governor General Murphy has been sympathetic to this idea. It will be noted that the Administration has so far turned a cold shoulder to such a suggestion—which is not suprising in view of the fact that the move "to get rid of the Philippines" received much of its support with a view to removing the competition of Filipino agricultural products from the American market.

Filipino Status Not Changed Because of Independence Move

A circular letter has been sent out to the American Minister at Peiping and to American consular officials throughout China by Feltham Watson, U.S. District Attorney for China, making clear that there has been no change in the position of the office as regards retention of jurisdiction over Filipinos as a result of the developments toward Filipino independence. This sets at rest rumors that Filipinos in China were under Chinese sovereignty and had lost their extraterritorial status.

Germany Starts Conscription---British Envoy Confers with Stalin

GERMANY, on April 1, in open definance of the Treaty of Versailles resumed conscription as a means of building up a huge army, whereby the armed forces of the Reich will reach about 750,000 officers and men within a year. High military attaches at Geneva told the *United Press* that Germany would be in a position to wage a major war within a year. Estimates by the majority of the military men were to the effect that Germany has some 3,300 airplanes and pilots, compared with with 2,200 in Great Britain and 5,000 in France. French officials said that while it is true that Germany lacks heavy bombing planes, she is rushing to completion a vast number of this type of craft. "And," one official commented, "Germany is building military planes with fighting qualities superior to those of other nations."

Sir John Simon, British Secretary of State, and Capt. Anthony Eden, Under Secretary for Foreign Affairs, visited Germany last week with a view to coming to an understanding with the Reich, but telegrams from both London and Berlin show that the conversations ended in failure. Telegrams from Paris stated that the disarmament question is now a dead issue, and this fact is recognized by all the powers, now that England has at last definitely concluded that her cherished dreams for disarmament have remained nothing but dreams with little—if any—possibility of becoming a reality. Germany is reported to have demanded an air force equal to that of France or Great Britain, a navy of 400,000 tons, and the removal of all Versailles treaty restrictions.

Soviets Suggest that Britain Play Role of Mediator in Far East

Sir John returned to London by plane March 28. Capt. Eden proceeded to Moscow, where he discussed Anglo-Soviet relations with Messrs. Litvinoff and Stalin. A pro-British demonstration was given at the Moscow Theatre. During the conversations Stalin is said to have urged Britain to play her traditional role of mediator in the Far East. Commenting on this report, British quarters in Moscow expressed satisfaction that the Soviet Government is far from intending to raise Great Britain against Japan and content themselves with advocating an equal treatment with Japan. On the other hand, it is denied in Soviet circles that Mr. Eden and Commissar Litvinoff discussed the project of a Far Eastern pact among Great Britain, Japan and the U.S.S.R., involving the recognition of Manchukuo.

A Washington message dated March 29 stated that cold aloofness greeted the suggestion from the Soviet Union that the United States join with Britain, Russia and possibly Japan in a Far Eastern security pact. Secretary of State Cordell Hull told reporters that America still adheres to the policy that the Kellogg Peace Pact is sufficient security to world peace if all nations will abide by the agreements contained therein.

The readiness of the Soviet Government to conclude a Far Eastern security pact were characterized by the Tokyo press March 30 as a clever move to strengthen the Soviet position in the Orient before concluding an East European pact directed against Germany.

A Tokyo Foreign Office spokesman on the same date said that whatever change might occur in the European situation, Japan's policy towards foreign countries, including Soviet Russia, would not be affected. The spokesman emphasized that Japan had no aggressive designs on her neighbors, but said she would be prepared to safeguard peace if it were threatened. The *Asahi*, one of the leading Japanese dailies, expressed the opinion that the Powers may have no alternative but to give certain satisfaction to Germany, so as to induce her to join the new peace pact. Referring to comment abroad that Japan would take advantage of any new complications in the European situation to take a free hand in the Far East, the journal declared that the Island Empire "has no intention whatever to fish in troubled waters."

Captain Eden proceeded to Warsaw, capital of Poland, April 1, where he conferred with Marshal Joseph Pilsudski, Poland's Minister of Military Affairs and "strong man."

In Case of War, U. S. May Suspend Issue of Passports

The U.S. Government intends completely to suspend issuing passports to American citizens in case a war should break out in Europe, a recent message from Washington stated.

Siam to Expand Navy; £1,750,000 Voted for Construction

A victory for the Government was secured in the Assembly in Bangkok Siam, April 2, when the Navy Bill was finally passed after a prolonged discussion. The measure provides for the expenditure of £1,750,000 on new construction, to be spread over a period of six years.

Japan's Policy Unaffected By Moscow Talks, Spokesman Says

A spokesman for the Japanese Foreign Office in commenting Mar. 29 on the meetings taking place in the Russian capital between Anthony Eden, British Under-Secretary for Foreign Affairs, and Maxim Litvinoff, the Soviet Foreign Commissar, stated that, although Far Eastern questions probably will be discussed during the Anglo-Russian conversations they will have no effect on Japan's Far Eastern policies. Whatever change might occur in European situation, Japan's policy toward foreign countries, including Soviet Russia would not be affected, he said, adding that world conditions have so changed of late that the general situation in Europe, with its ever recurring troubles, can hardly affect the Far East these days.

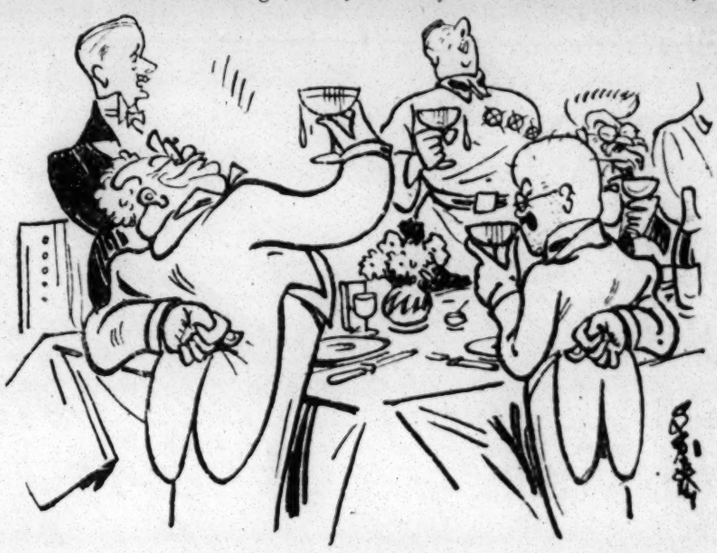

Рис. Сапажну.

Тост Литвинова.

A cartoon by Shanghai's well known White Russian artist, Sapojnikoff, which, for obvious reasons was not published in the local British organ, *North-China Daily News*. This cartoon was published in the local *Slovo*, White Russian paper, on March 31 and was based on the recent Moscow conversations participated in by Anthony Eden, British under-secretary for Foreign Affairs, and Litvinoff, Soviet Commissar of Foreign Affairs. The cartoon shows Litvinoff proposing a toast to Eden—with his fingers crossed—and the Japanese emissary on the right in similar attitude. In the background are Voroshiloff, Commissar of War and Kalinin, president of the Central Executive Committee.

Victor Hoo Criticizes Avenol's Declaration on Japan Leaving the League

Victor Hoo, Chinese Minister to Switzerland, made an emphatic statement at Geneva Mar. 27 scoring the declaration made the previous day by M. Avenol, Secretary-General of the League of Nations, in connection with the severance of official connections between Japan and the League, particularly M. Avenol's statement that, "We have been given to understand that the Japanese Government intends to pursue a policy of international cooperation in the spirit of the Imperial Rescript promulgated two years ago." Mr. Hoo said it was apparent that the interpretation of M. Avenol's declaration would incline to weaken the Covenant.

German Drive Against Jews Shelved for Economic Reasons

An *Associated Press* dispatch from Berlin Feb. 28 stated that the German Government has been forced to a large extent to abandon, for the present at least, the public manifestations of Hitler's cherished anti-Semitic policy. Behind this development is seen the strong influence of Dr. Hjalmar Schacht, minister of economics, who in fighting Germany's terrific economic battle cannot risk further boycotts and loss in bills of exchange. The minister of economics assured the president of the Berlin Merchants' association recently that "nothing further will happen to any member of your organization." Many Jews are enrolled in the association.

Japan May Grant Local Autonomy to Formosa as Trouble Brews; General Chiang Kai-shek Launches New Movement

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Chinese Minister Visits Formosa on Tour of Inspection.**
2. **Doihara Warns Japan Against Aiding Nanking Government.**
3. **Japanese to Hold Consular Conference in Shanghai.**
4. **Tax Dispute Between Mongolia and Suiyuan Settled.**
5. **Gen. Chiang Kai-shek Launches Economic Reconstruction Movement.**
6. **Communist Situation in Kweichow Is Again Growing Serious**
7. **Rescue of Foreign Captives by the Communists Ordered.**
8. **General Chiang Invited to Visit Kwangtung and Kwangsi.**
9. **Many Red Strongholds in Szechuan and Hunan Recovered.**
10. **Committee Formed at Nanking to Study Abolition of Extrality.**

A measure of self-government is granted to the local assemblies of Formosa under the terms of a law promulgated in Tokyo April 1 to take effect on October 1 next, according to a *Rengo* report. The regulations provide that a half of the members of local assembles are to be chosen by popular election, with the remaining half appointed by the Government. At present all the members are State appointees. Self-autonomy in matters of local administration is also granted to the district and city assemblies, although the privilege does not extend to town and village bodies.

General Chiang Tso-ping, Chinese Minister to Japan, left Tokyo Mar. 30 for a four of inspection to Formosa aboard the S.S. *Asahi Maru*. Immediately after his arrival at Taihoku, Formosa, April 2 from Kobe, General Chiang paid a courtesy call on Nenzo Nikagawa, Governor of Formosa. Later, General Chiang was entertained by Mr. Nakagawa at a dinner held at his official residence. The Chinese Minister is planning to make an extensive tour in Formosa, and will remain there for three weeks.

Li Tse-i, adviser to the Peiping Political Council, who had been visiting in Japan since Feb. 28, left Tokyo April 2 for Shanghai, where he is due on April 20 travelling by way of Formosa and Foochow.

Rengo reported from Foochow on April 2 that Chinese and Japanese authorities were co-operating in keeping a strict watch over the movements of scores of discontented Formosans who are reportedly planning violence in retaliation for the closing down of all gambling and opium dens in Foochow. The situation has been further complicated by the influx of an undetermined number of Formosans who were driven to Foochow by the systematic closing down of all gambling and opium dens in Amoy. It is rumored that Formosan hoodlums were planning to forment anti-Japanese sentiment among the local Chinese as a retaliatory measure. Another rumor was to the effect that leaders of both Chinese and Formosan operators of gambling and opium smoking establishments were planning to slay high Chinese and Japanese officials.

DOIHARA WARNS JAPAN AGAINST AIDING NANKING

Major-General Kenji Doihara, who arrived in Tokyo from Manchuria April 1, called on Koki Hirota, Foreign Minister, in the morning of April 2 to report on his recent 40-day tour in China. His interview with the Foreign Minister lasted fully one hour during which he discussed the future course of Japanese policies toward China and also Soviet Manchukuo border problems.

Maj.-Gen. Doihara, interviewed at Shimonoseki March 31, warned Japan against "blindly extending" aid to the Nanking Government just because the latter was suffering from financial difficulties. The aiding of the Nanking Government at this time will "plunge Japan into the mealstorm of Chinese internal politics and lead to unpleasant results," Maj.-Gen. Doihara said.

CANTON LEADER SPIKES SALE OF DOIHARA TALK

Chow Lu, a prominent member of the Southwest Executive Committee, interviewed by *Reuter* at Canton on March 30, declared that the report published in an English language journal concerning his conversation with Major-General Doihara, was absolutely groundless.

In the report in question Mr. Chow was reported to have told Major-General Doihara: "I am well informed of the spirit on which 'Manchukuo' is founded. Dr. Sun Yat-sen went so far as to say he would gradually cede Manchuria to Japan if he could thereby realize true Sino-Japanese co-operation. My colleagues and I are anxious for a real rapprochement with Japan."

Mr. Chow asserted that what he actually said was: "If Sino-Japanese co-operation is desired, Japan should return the four Northeastern provinces, and cease her military activities in China."

This statement, said Mr. Chow, was not only intended for Major-General Doihara, but for all Japanese people.

Referring to the policy of Dr. Sun Yat-sen, Mr. Chow said he had quoted him as saying that China must be raised to a position of freedom and equality with all nations, while imperialists must be overthrown.

As to Major-General Doihara's statement concerning the anxiety of himself and his colleagues for a real Sino-Japanese rapprochement, Mr. Chow said he told the Japanese officer that "Japan will be my enemy and the enemy of China if, being anxious for true co-operation with us, she does not return the four Northeastern provinces and cease her military activities in this country."

JAPANESE TO HOLD CONSULAR CONFERENCE IN SHANGHAI

Japanese Consuls-General stationed in China will meet at the office of the Japanese Legation in Shanghai for a week, beginning on April 8, it was officially announced in Tokyo Mar. 30. According to a *Rengo* report, officials expected to be present include Akira Ariyoshi, Japanese Minister to China; Tatsuo Kawai, Consul-General in Canton; Yoshiaki Miura, Consul-General in Hankow; Koichi Nishida, Consul-General in Tsinan; Junzo Sakane, Consul-General in Tsingtao; Shigeru Kawagoe, Consul-General in Tientsin; Yakichiro Suma, Consul-General in Nanking; Itaro Ishii, Consul-General in Shanghai, and Kaname Wakasugi; Counsellor of the Legation.

ARIYOSHI REPORTED TO RETIRE FROM CHINA POST

A report that A. Ariyoshi, the Japanese Minister to China, intends to retire soon appears in the Tokyo *Nichi Nichi* on Mar. 30. The newspaper states that the envoy has made an informal request for permission to retire shortly "in order to make way for younger men."

A spokesman of the Japanese Legation at Peiping denied the current reports that Mr. Ariyoshi has tendered his resignation. The spokesman pointed out that although the Japanese Minister is planning to take a trip homeward, the date for his departure from China has as yet not been fixed.

The *Miyako Shimbun* on March 27 reported that Mr. Ariyoshi does not intend to return to China after his coming departure for Japan, but intends to retire in July. Mr. Hirota, however, hopes that Mr. Ariyoshi will accept the post of Japan's first Ambassador to China when Japan elavates the Japanese Legation in China to embassy status. In case of non-acceptance by Mr. Ariyoshi, Mr. Hirota is expected to choose Hachiro Arita, Japanese Ambassador to Bruseels, as Ambassador to China.

TARIFF HIKE AND PILOTAGE DISCUSSED BETWEEN WANG AND ARIYOSHI

Japanese objections to two projected actions of the Nanking Government were registered by Akira Ariyoshi, Japanese Minister to China, with Wang Ching-wei, President of the Executive Yuan, in his recent interview March 28. The steps being contemplated by the Nanking authorities are a general raising of the import tariff to compensate for the loss in national revenue attendant upon the abolition of the export and interport duties, which is designed to promote domestic industries, and the application of new pilotage regulations whereby only Chinese citizens will be allowed to engage in that profession.

"First of all, I expressed my deep appreciation for the welcome that the Chinese Government and people extended to the *Asahi* goodwill airplane on its visit to Nanking and Shanghai," Mr. Ariyoshi told Japanese reporters after his interview with the Foreign Minister.

"Regarding the plan to raise the Chinese import tariffs, the primary object of the Nanking Government seems to secure funds to offset the deficit of the national treasury. But it is doubtful whether that objective could be achieved by that method and I asked Mr. Wang to reconsider the plan to raise tariff rates, explaining fully Japan's attitude in this respect," Mr. Ariyoshi said.

"The date for the enforcement of the pilot regulations has been postponed, "Mr. Ariyoshi concluded.

ADJUSTMENT OF LOANS BY CHINA PROCEEDING

Loans advanced to China by Japanese syndicates, amounting to $700,000,000, which have been left unpaid for the last 15 years, have been readjusted to the extent of about $80,000,000 during these last several months and redemption has been commenced.

The loans so far adjusted include the $15,000,000 loan advanced by the Toa Kogyo Kaisha, a loan of the same amount advanced by the Chujitsu Jitsugyo Kaisha, and those supplied by the Mitsui interests. The settlement of these outstanding loans is contributing much toward bringing the Sino-Japanese relations closer.

Further negotiations for the adjustment of the loans will be made. Mr. Uchida, managing direcotor of the Toa Kogyo Kaisha, left Tokyo for Shanghai on March 22 to negotiate about the settlement of the loan made for the construction of the Nanhsun railway and other loans.

Cotton and ravon textile exporters and traders of Japan, Manchukuo and China were scheduled to meet at the Cotton Industry Building in Osaka on April 2 to organize an association designed to improve trading conditions, according to a *Rengo* report. Transactions in cotton cloth and ravon textiles with Manchukuo and China have been on a steady increase in recent years, but because of a lack of trading and credit facilities, the deals are being carried on under difficult conditions, a leading exporter in Osaka explained. Measures seeking to bring about the early settlement of accounts, the smooth and prompt delivery of goods and the safety of tradings in futures will be put into effect by the Associattion.

JAPANESE COMPANY TO MANAGE CHINESE COTTON MILLS

The Oriental Development Company has decided to accept the proposal of five Chinese-owned cotton mills at Tientsin to manage them for their owners, the *Nichi Nichi* reported on Mar. 18. If the experiment proves successful, the company may take over the management of other Chinese mills at Shanghai and Tsingtao, instead of making joint investments with Chinese financiers, and a good deal of importance is being attached to the venture.

The Yuyuan Spinning Company of Tientsin, largest institution of its kind there under Chinese management, decided to dissolve at its recent general meeting of shareholders, because of financial difficulties. The concern suspended operations late in January, according to the *Asahi* on March 21. The concern was founded 18 years ago with Sino-Japanese joint investment.

JAPANESE CONSULATE IN NANKING ORDERED TO VACATE PREMISES

The Kiangsu Provincial Government has suddenly served notice on the Japanese Consulate-General at Nanking that the office building it occupies must be vacated, a Nanking dispatch to the *Nichi Nichi* reported on Mar. 23.

The building is owned by the Kiangsu Government and the Japanese lease expired at the end of last year. The Government refuses to renew it. The Consulate-General has expressed strong dispeasure at the action because of its unexpectedness.

NEW PEACE PRESERVATION CORPS CONSISTS OF 5,000 MEN

The New Peace Preservation Corps for the Demilitarized Zone will consist of 5,000 men and will be dispatched into the Zone in the middle of the month. The Corps will be divided into two detachements of 2,500 each. One detachment will be stationed in the Luantung Area under command of General Chang Yen-tien, while the other in Chihsien-Miyun Area with General Chang Ching-yu as commander. The two detachements are being concentrated at Tangshan and Tungchow respectively, ready to enter the two areas as soon as orders are received.

LARGE-SCALE SMUGGLING OF SILVER TO MANCHURIA

At least $30,000 worth of silver and several hundred ounces of gold bars are being smuggled out to Manchuria every day by native bankers at Chinwangtao and Shanhaikwan, according to information from banking circles in Tientsin. By smuggling of this nature, the speculators reap a profit of $30 for every $1,000 smuggled, and about $500 profit for every 100 ounces of gold bars.

Customs Guard Li Pao-kuan, attached to the Chingwangtao Customs, was seriously wounded on Mar. 28, when attempting to stop two suspected smugglers near the Peiping-Liaoning Railway bridge. The smugglers drew their revolvers and fired at the officer when he attempted to search them. The attackers escaped.

According to a *Reuter* report Mar. 31, Yin Tung, managing director of the Peiping-Liaoning Railway, will shortly make a trip to Japan. It is stated that the purpose of Mr. Yin's visit to Japan is to establish contacts with Japanese leaders and exchange views with them regarding the Sino-Japanese situation, and that he expects to be gone about three months.

General Chen Cheng, Head of the Army Reorganization Department of General Chiang Kai-shek's Headquarters at Wuchang, left Peiping Mar. 31 for Kaifeng to inspect government troops in Honan. Interviewed by press representatives on the reported reorganization of the Northeastern Army formerly under the command of General Chang Hsueh-liang, General Chen said that he has not received any instructions from the Generalissimo in this regard, and denies any knowledge about it.

SETTLEMENT REACHED IN TAX DISPUTE BETWEEN MONGOLIA AND SUIYUAN

As a result of the mediation of General Ho Ying-ching, the views of the Suiyuan Provinvial Government and of the Mongolian Political Council regarding the tax dispute are fast approaching agreement. It is expected that an amicable settlement will be reached in the course of the next few days.

Celebrating the amicable settlement of the dispute, General Ho gave a lunchen Mar. 31 in honour of Shih Hua-yen and Li Chu-i, representatives of the Suiyuan Provincial Government, and Pao Yueh-ching, Director of the Finance Department of the Mongolian Council, and Prince Na-Yen-Tu, member of the Council.

Shih Hua-yen declared on April 2 that bandits in Inner Mongolia having been exterminated, there is no longer any necessity for Suiyuan troops to be stationed on the Mongolian-Suiyuan border. Preparations are under way for the withdrawal of Suiyuan troops from Mongolia, Mr. Shih stated.

CLOSER CONNECTIONS WITH BORDER TERRITORIES

A stronger link between the National Government and the outlying territories of Mongolia and Tibet was forged with the simultaneous establishment at Nanking of two offices representing respectively the Chang Chia Living Buddha and the Panchen Lama on April 1. Lo-Sang-Ying-Tu assumed his office as the official representative of the Chang Chia Living Buddha of Mongolia, while Lo-Sang-Chien-Tsan formally took over duties as the official envoy of the Panchen Lama of Tibet, in Nanking.

The Panchan Lama will leave the Alashan Banner on April 10 for Hsining, capital of Chinghai province. The

Panchan Lama is expected to stay at Hsining for three months before returning to Tibet.

HEARING OF CHIN SHU-JEN CASE CONCLUDED

After a long adjournment, the trial of General Chin Shu-jen, former Chairman of the Sinkiang Provincial Government, was resumed at the Nanking District Court Mar. 28 before Judge Lu Wen-lan of the Kiangsu Provincial High Court.

After the opening of the trial, Shen Pin-chien, the Procurator, recited the charges against General Chin, which are as follows:

(1) Instigating foreign menace to the State.
(2) Embezzlement of public funds.
(3) Murder and arson.
(4) Robbery.

In reply to these charges, General Chin made a categorical denial.

Hearing of the case was concluded on March 30. Judgement was scheduled to be delivered on April 6.

GEN. CHIANG KAI-SHEK LAUNCHES NEW ECONOMIC MOVEMENT

General Chiang Kai-shek, President of the Military Affairs Commission, is sponsording a new movement, to be known as the People's Economic Reconstruction Movement, which he considers a necessary adjunct to the New Life Movement.

Explaining the import of this new movement in a press interview at Kweiyang April 1, General Chiang said:

"In order to overcome the national emergency and relieve the sufferings of the people, another movement must be started following the New Life Movement. This is the People's Economic Reconstruction Movement.

"The aim of the People's Economic Reconstruction Movement is to promote agriculture, improve the quality of agricultural products, protect mines, assist industry and commerce, promote co-operation between capital and labour, build highways, develop communications, adjust the monetary situation, facilitate the circulation of capital, and accelerate national industrialization.

"The first step towards the realization of this programme is to abolish the exorbitant levies and miscellaneous taxes, reduce or exempt export duties on native products, bring about the early enforcement of the new Mining Law and prohibit the reckless issue of paper notes.

"The Government's present action in increasing the capital of the Central Bank of China, the Bank of China, and the Bank of Communications, in order to stabilize the socio-economic situation and to promote the development of agriculture, industry and commerce, is also a phase of the People's Economic Reconstruction Movement."

The detailed measures for the enforcement of the People's Economic Reconstruction Movement are being drawn up by General Chiang, and will be announced in the near future.

Before the interview General Chiang was tendered an official welcome to Kweiyang by military civil and party officials. The Generalissimo took advantage of the occasion to urge, in strong terms, suppression of the use of opium and the growing of the poppy.

He emphasized that the function of the Government was to give security to the life and property of the people, and indicated that there was a new movement on foot to bring this into effect. But, he proceeded, the people of Kweichow should help themselves so as to warrant the help of others.

Those present constituted an intelligent section of the community, and they should take the lead in the suppression of the opium evil, which, with coruption on the part of civil and military officials, was responsible for all Kweichow's troubles.

Kweichow seemed to be a poor province, but if it could grow opium it could grow other crops. Below the soil there were mineral resources which should be developed so as to make it a rich province.

COMMUNIST SITUATION IN KWEICHOW GROWS SERIOUS

The situation in North Kweichow is growing increasingly serious as a result of renewed Red activities there, according to a *Reuter* telegram from Canton April 2.

It appears that fierce fighting has been proceeding since the return of the Communist bordes from Szechuan. It is estimated that 20,000 outlaws are at present concentrating in the region of Mt. Changkan.

Returning to north-western Kweichow after an unsuccessful invasion of southern Szechuan, the remnant "Reds" under Chu Te and Mao Tse-tung were dealt another severe below on Mar. 26 by the 4th and 36th Government armies. The "Reds" were attacked at Nanmupa and Tanchang and suffered severe casulties.

Finding it difficult to flee eastwards and join the bandits under Hsiao Ko and Ho Lung in north-western Hunan in view of the strong defences of the Government troops along the Wu Kiang (River), the marauders are reported to be heading westwards toward Kiensi, western Kweichow, with Yunnan province as their goal.

The Yunnan troops under General Sun Tu have rushed back from Chihshui, north-western Kweichow, to Takuchang and Sinchang, midway between Tsunyi and Kiensi, to check their flight.

Chains of blockhouses are being erected by the Government troops at the Tungtzu-Sungkan-Kimingkwan, Kimingkwan-Tsunyi, Tsunyi-Yaki, Tsunyi-Taopahui, Maotai-Jenwai-Tanchang-Changkanshan- Fenghsiangpa-Pailakan-Yaki lines.

The Kweichow troops under General Wang Chia-lieh are defending Maotai and Siachokow while the Division under Lieut.-General Hou Han-yu are erecting blockhouses along the Chihshui-Tucheng line.

SZECHUAN RED STRONGHOLD CAPTURED AFTER LONG OCCUPATION

After one and a half months' occupation by the "Reds," the city of Ninkiang, south-western Szechuan, has been recovered by the Government and Shensi troops. Ningkiang was attacked from Lioyang, near the Shensi-Kansu border, by the units of the 1st Government Division under Lieut.-General Hu Tsung-nan with the assistance of the 38th Army under General Sun Wen-ju from Mienhsien, south-western Shensi. The combined forces reached the foot of the city early April 1 and occupied the city after several hours' fighting. The "Reds" retreated southwards to northern Szechuan, leaving behind 100 killed.

RESCUE OF FOREIGN CAPTIVES BY REDS ORDERED

An order calling upon all Provincial Governments, within whose territory bandit-suppression operations are in progress, to take adequate measures for the rescue of foreigners who have been taken prisoner by the outlaws, has been issued by the Provisional Headquarters of the President of the Military Affairs Commission at Wuchang. In order to prevent untoward incidents in the future, the order continues, foreign nationals should not be permitted to travel in the bandit-suppression zones until the conclusion of the campaign. As for those who are already in bandit-suppression areas, appropriate steps should be taken for their protection, the order says in conclusion.

According to the statistics recently complied by the Provincial Investigation and Statistics Bureau, the numbers of Communists killed and captured and weapons taken by troops and county policemen in Kwangtung in 1932, 1933, and January, 1934 were as follows:

	Bandits killed	Bandits captured	Rifles taken
1932	2,248	1,056	1,128
1933	1,030	947	759
Jan., 1934	1		
Total	3,279	2,003	1,887

GENERAL CHIANG INVITED TO VISIT KWANGTUNG AND KWANGSI

An invitation to visit Kwangtung and Kwangsi has been extended to General Chiang Kai-shek by General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, and General Li Tsung-jen, Commander of the Kwangsi Provincial Forces, in a joint telegram, according to a *Kuo Min* message from Canton Mar. 30. Owing to illness, Lieut.-General Li Han-hun, Commander of the 6th Kwangtung Division, who was originally commissioned by General Chen to proceed to Kweichow to meet General Chiang has cancelled his trip. General Yu Han-mou, Commander of the 1st Kwangtung Army, will go instead.

CANTON SENDS ANOTHER DELEGATE TO NANKING

In order to renew discussions for a rapprochement with Nanking, the Southwest Political Council is understood to have decided to dispatch Li Hsiao-sheng to Shanghai to confer with officials of the National Government in connection with

the question. Mr. Li left for the North from Hongkong on March 30 by the Dollar Liner, President Grant.

HU HAN MIN INDISPOSED AT HONGKONG

The indisposition of Hu Hanmin, the veteran Party leader, is showing improvement. Hsaio Fo-chen, aged Canton leader, arrived at Hongkong from Canton Mar. 30 to inquire after Mr. Hu's health.

REMNANT KIANGSI REDS MOVE INTO FUKIEN

Foreign reports reaching Peiping indicate that a band of Communists from Kiangsi have penetrated into Fukien province and captured the town of Wangtai, 45 li west of Yenping a few days ago.

All telegraphic communications between Yenping and Shungchang has been interrupted. The number of Communists is stated to be comparatively small.

Meanwhile the danger that Communists in Kweichow, under Chu Teh, might be able to join forces with those under Hsiao Keh in Hunan has greatly diminished.

The reports indicate that forces under Chu Teh are retreating westward out of Kweichow. The rapid rise of the Wu River and determined resistance on the part of Government troops combined to make it impossible for the Reds to cross the river eastward towards Hunan.

The Communists are reported to be still holding Tawo in Hunan where they intend making a desperate stand. Tawo is described as a natural fortress. Government forces, however, are expected to be able to reduce Tawo and drive out the Reds within a month at most.

GOVERNMENT TROOPS RECOVER RED CITIES IN HUNAN

Units of the 26th Division under Lieut.-General Kuo Ju-tung have recaptured Siengaipu and the neighboring hills as well as the bandit defence works at Jenchiapo. The main forces of the "Reds" under Hsiao Ko and Ho Lung have withdrawn to Tawo and Lungchiachai near Yungshun, in north-western Hunan. The "Reds" are attempting to flee northwards to the Szechuan-Hupeh border.

With the exception of Yochow, Pingkiang, Liuyang and Liling, in eastern Hunan, and Jucheng and Ichang, in southern Hunan, General Ho Chien has ordered that the economic blockade in the various districts be lifted for the benefit of the people.

NOTORIOUS BANDIT CHIEF IN HONAN CAPTURED

Tsui Pang-chieh, elusive bandit chieftain, was captured alive by Honan gendarmes in the hills in the vicinity of Chingliang, near Paofeng in Central Honan, on the night of March 30.

Tsui whose name struck terror in the hearts of the people recently was seen in Paofeng, his native place, gathering his followers with the object of joining the Communist army in Szechuan. Special gendarmes were sent out to Paofeng by the Honan Pacification Commissioner's Headquarters to track his movements and finally captured the bandit chieftain. He is now being taken to Kaifeng under military escort for trial.

GENERAL CHIANG KAI-SHEK MADE GENERAL OF SPECIAL GRADE

Ambiguity in military titles for army commanders in China has been clarified by the adoption by the Central Political Council of the Regulations governing the ranking of military generals in this country.

According to the Regulations, Chinese generals will be of three grades, Special, First and Second. It is stipulated that the Commander-in-Chief of China's land, naval and air forces will be made General of the Special Grade.

The Regulations, however, make no mention of the titles of Marshal, thus automatically making void the titles that have been enjoyed by Marshals Chang Hsueh-liang, Yen Hsi-shan, and Feng Yu-hsiang.

In adopting the Regulations, the Central Political Council appointed Chiang Kai-shek General of the Special Grade, the highest military honor.

Eight were appointed Generals of the First Grade, namely:

Yen Hsi-shan, Feng Yu-hsiang, Chang Hsueh-liang, Ho Ying-jen, Tang Sheng-chih, Chen Chi-tang, Chu Pei-teh,

The following were appointed Generals of the Second Grade:

Chen Tiao-yuan, Ho Cheng-chun, Chu Shao-liang, Han Fu-chu, Sung Cheh-yuan, Liu Hsiang, Liu Shih, Liu Shih, Wan Fu-lin, Ho Chien, Pai Tsung-hsi, Liu Chen-hua, Ku Chu-tung, Shang Chen, Fu Tso-yi, Hsu Yung-chang, Yu Hsueh-chung, Yang Hu-cheng, Chiang Ting-wen, Lung Yun, Hsu Yuan-chuen.

$22,000,000 SPENT FOR MILITARY USE IN MARCH.

The Ministry of Finance completed disbursements of ordinary and extraordinary administrative and military expenditures for the month of March, amounting to $22,200,000 on Mar. 30. A portion of the military expenses was remitted a fortnight ago.

A comparison between Turkey after the Great War and China at the present time was drawn by General Ho Yao-tsu, Minister-Designate to Turkey, in an address at the Central Party Headquarters Mar. 25. Pointing out the similarity of circumstances confronting both countries, he urged that the same attitude of determination and courage that made possible the revival of the Turkish nation be adopted for the regeneration of the Chinese nation. China and Turkey are the oldest nations in Asia, and their culture is of the same degree of excellence, General Ho said. Recalling the territorial losses suffered by Turkey after the Great War, he said that it was only through the able leadship and direction of General Kemal Pasha, and his dual policy of resistance against foreign aggression and utilization of diplomacy that the Turkish nation was finally regenerated.

In dealing with the present situation in China, General Ho said, if her leaders tackle the problems in a like spirit and with like determination and continue to strive in accordance with the bequeatheed teaching of Dr. Sun Yat-sen and under a unified leadership, the day must come when, too, will have overcome her difficulties.

EXTRALITY END TO BE STUDIED

The creation of a special committee to study measures preparatory to the abolition of extraterritorial rights in China, wdas decided on April 2 at a meeting of the highest officials of the Judicial Yuan and the Ministry of Justice.

A proposal for the creation of such a committee was made by the Minister of Justice, Wang Yun-ping, who was given authority to name the members of the special body.

The meeting also decided that a National Judicial Conference be convened at Nanking on August 16.

The Ministry of Interior celebrated the 7th anniversary of its establishment April 1. Ko Ching-you, Director of the General Affairs Department, presided. Chen Tun, section chief, who has served in the Ministry since its establishment, in an address, recalled that during the past seven years the post of Minister has been changed 11 times, the period of service of the successive Ministers ranging from less than a month to 2 years and 8 months. General Huang Shao-hsiung, now Chairman of the Chekiang Provincial Government, was in office for the longest period.

Tu Yueh-sen Plans Big Reforms in Kaochiao

Sponsoring a big program of rural reform and reconstruction in his native town, Kaochiao in Pootung, famous for its beach, Tu Yueh-sen, managing director of the Chung Wai Bank and newly appointed director of the Bank of China, is promoting the organization of a Kaochiao Rural Improvement Association which will be formally inaugurated (April 6) at the Cheng Shih Primary school in Kaohang.

Mr. Tu has agreed to accept the presidency of the Association and will preside at its formative meeting. The principal purpose of the Association is to improve communications, develop agricultural enterprises and in general promote the well-being of the residents of the two municipal districts, Kaochiao and Kaohang.

The Association will launch an ambitious program soon after its formation. Among the enterprises projected are the construction of roads and the introduction of modern farming equipment. Plans to bring about prosperity to the rural districts and to help the farmers in their sowing, harvesting and marketing of their crops will also be carried out. A staff of experts including Huang Yen-pei, well-known Chinese educator and fellow native of Mr. Tu, will assist him in the realization of his schemes.

Russian View on Sino-Japanese Relations

BY ANATOL M. KOTENEV

RECENT political events in Europe have once more distracted the attention of the World from the problem of Sino-Japanese relations, which can now be settled by the interested parties, without any undue interference from outside.

It is not easy to write on the entangled Sino-Japanese issue and it is particularly difficult for a Russian emigrant, who belongs to a group of people of an entirely different race, nationality and culture.

To China, the Russian exiles are heavily indebted for the generous hospitality she has afforded them in times of distress. But they also cannot forget that a large section of Russians live in Manchuria, a country which is at present virtually under Japanese control.

These two facts require that any statement made by a Russian writer must be made in good faith and with due regard to China and Japan.

The very fact that Russian emigrants live both in China and Manchuria makes their existence entirely dependent upon the preservation of peace between these countries. And this being the case they are bound to look for a speedy and peaceful solution of the present critical situation in a dignified manner acceptable to both countries.

The Russian emigrants are only a small and insignificant group of strangers, politically and economically weak, a group almost lost among the countless population of the East, and they cannot pass any judgment whatsoever upon the merits of the case at issue between such great nations as China and Japan.

But by living side by side with the Chinese and Japanese they certainly have an opinion of their own concerning the problem confronting them, and this opinion I will endeavor to lay before you.

The Russians living in the Far East believe that Manchuria is and will be a part of China as it has always been since the beginning of the 17th century; whether it will be called Manchukuo or the Three Chinese Eastern Provinces; whether it will be governed by a Chinese provincial Government or Emperor Kang Teh.

And they further believe and know through their close touch with the population in Manchuria that there is not a single citizen of Manchukuo amongst the thirty million of its population who is really a Manchu. There are only Chinese and Chinese, intimately and indissolubly bound by uniformity of their thought, belief, and taste with their great mother country—China. They do believe that Emperor Kang Teh himself is a Chinese by virtue of his birth, education and natural inclination, in spite of the fact that he has been elevated to the throne of his ancestors by a foreign power.

To him as a Chinese it was not the Japanese who gave him the throne of Manchukuo, but as Mencius, the great Chinese sage said to his disciple Wang Chang: "Heaven gave it to him."

The Ching dynasty was hardly worse than any of the 24 historic ruling houses in China; neither were its members less virtuous than those of other Chinese dynasties. It produced great personalities, as Emperor Shun Shih (A.D. 1644-1662), Kang Hsi (A.D. 1662-1723), and Chien Lung (A.D. 1736-1796), who accepted without reservation the Chinese civilization and fabric of Government.

A Martyr of the Boxer Rebellion

"Remember that it is your duty to do everything in your power; at all costs these foreigners must not be allowed to possess themselves of the glorious Empire won for us by our ancestors."

These were the words of Chuang, an Imperial Prince of the Ching Dynasty, who was executed at the demand of the European Powers for his participation in the Boxer Rebellion in 1900.

After this Chuang proceeded to the death chamber where a silken cord was hung from a beam of a roof. Fearlessly and calmly he passed the cord around his neck and in a very few moments his life was extinct.

This death was not the death of a Manchu. It was the typical death of a Chinese patriot and classical literati, a product of the specific Chinese civilization.

In the face of this, why should the Russians think that Emperor Kang Teh or Henry Pu Yi, if you prefer to refer to him by that name being raised in the same notions as Prince Chuang, his uncle, is devoid of his virtues and does not dream of freeing his glorious empire from foreign domination?

To the Russians it appears to be not only possible but even inevitable.

And then, the Russians believe that as the matter stands now, Manchuria will not be colonized or annexed by the Japanese and that the solution of the problem between China and Japan is possible, and is nearer its realization than the Western powers think and desire . . . .

It does not imply, of course, that the recent rumors about some kind of a secret understanding between General Chiang Kai-shek and the Japanese are true.

In the opinion of the Russians,—no *Chinese has yet been born who, under present circumstances, will willfully effect any arrangement with Japan which will impair the sovereign rights and the territorial integrity of his country.*

The modern Chinese are no less virtuous than their ancestors who built up and developed such a great civilization which helped China to preserve her integrity for centuries and centuries.

In fact, in the course of time, when the great civilizations of Egypt, Greece, and Rome had perished, in times like ours, when the structure of the entire modern civilization is collapsing unable to withstand its inward contradictions, China preserves intact her ancient culture.

This culture is not a product of technical progress or a work of some sages, philosophers and scientists,—it is a product of accumulation of racial and national experience, which in the course of centuries has become a possession not only of a selected minority as in the Occident but has become the possession of the masses as a form of sub-consciousness, a kind of an instinct, which infallibly directs all their actions towards the preservation of their racial and national integrity.

And as soon as the artificial barriers set by the late Ching dynasty against their immigration into Manchuria were removed after the Revolution in 1911, those masses started to flow there. In a short space of time from 1911 to 1927 they reached 16 million, bringing the entire population of the Three Eastern Provinces up to 20 millions and, at present, up to over 30 millions.

If one may say that this flow of Chinese immigrants must be chiefly attributed to economic reasons, so the irresistible pressure, the almost supernatural ability to conquer all economic and other obstacles must be attributed to their inherited propensity of engulfing and obliterating everything which stands in their way.

The Japanese colonists in the alienation zone of the South Manchuria Railway are unable to withstand this pressure,and retreat.

We have an authoritative statement to this effect made by A. Matsuoka, former Vice-President of the South Manchuria Railway in the *North China Herald* in 1927, which we must accept as being true.

But what appears to be most striking is that we have a further statement by the very same Eiji Amau, the spokesman for the Japanese Ministry of Foreign Affairs, whose utterances last year provoked such a storm of indignation in China (found in the very same issue of the *North China Herald*) that an average Japanese is not desirous of going to Manchuria, and it required a great deal of persuasion and a good subsidy to make him leave Japan and come to Manchuria. He is instinctively adverse to going there, just at the time while the Chinese are flocking there in masses. Something is holding him back, something that, probably, he is unable to explain to himself.

I do not venture to explain this rather unnatural situation, but I think that we must attribute it to the same cause as in the case of the Chinese. The Japanese civilization is as great and as old as theirs, it has many common features; for it has the same origin.

"The Japanese of to-day are the real Chinese, the Chinese of the T'ang dynasty, the period in which the Chinese civilization first blossomed"—said the modern Chinese thinker, Ku Hung-ming.

The delicacy, refinement and principles of loyalty and gallantry at that period were preserved in Japan from the destructive influence of the Mongols and Manchus which Mongolized the Chinese, debasing them.

"Crazy Ku"—say the modern Chinese. Perhaps they are right. But how is it difficult for a contemporary to discern a genius from an insane . . . .

"Quarrels between brothers require less grounds than quarrels between strangers"—said General Chiang Kai-shek a few years later speaking in Miyanoshita in October 1927 and referring to the Sino-Japanese rancor.

By the refusal of the Japanese to move in masses into Manchuria one of these few grounds has been removed. It is an accomplishment of the two nations without any particular measure on the part of their governments.

The Japanese may build in Manchuria factories, railways, develop its natural resources; they may trade there, but Manchuria will remain Chinese. They may also lend it their armed protection and save Manchuria from a possible foreign aggression, but, in the course of time it may prove that they did it not only in their own interest but also in the interest of the Chinese.

In the eyes of the late founder and father of the Chinese Republic, Dr. Sun Yat-sen, Japan has been responsible for the rise not only of herself amongst the nations but for the rise of the standing of all Asiatic peoples and the fact that the White races had not dared to disparage them.

In the course of his public address in Kobe on November 28, 1924 just a few months before his death, Dr. Sun Yat-sen expressed the opinion of an absolute necessity of mutual co-operation between Japan and China, their mutual dependence, and the necessity for all Asiatic races to unite together.

One may be of any opinion regarding Dr. Sun Yat-sen's personality and his political ideas but one cannot deny that as a founder of the modern Chinese political ideology he is better than anybody qualified to express the true sentiments of his people.

The History in the Orient moves very slowly. Politics in the Orient have no limit in time as in the West. The ideas of Sun Yat-sen and even those of the old, crazy Ku may prove to be right, and sooner or later the Sino-Japanese controversy will be settled. And if the present governments of China and Japan are unable to accomplish this—it will be done by the peoples themselves endowed with such an extraordinary capacity of judgment and political wisdom.

The Russians believe in that, they believe in the ultimate triumph of one of the greatest civilizations which the mankind has ever produced—the civilization of the Orient.

The Plight of the Chinese Cotton Industry

BY WANG SHAN-YU

GREAT consternation has been aroused among industrial and commercial bodies in Shanghai by the action of the Hongkong and Shanghai Banking Corporation in putting the property of No. 7 Sung Sing Mill at auction as the result of the failure of the mill-owner to redeem the morgated property. Later negotiations between the Bank and the government officials indicated that an agreement will soon be reached between the parties concerned to transfer the mill to Chinese Government. The sale of one of the largest cotton mills in China is, indeed, a great blow to native industry, and although some satisfactory arrangement has been made for the settlement of this regrettable incident, one can not but inquire more deeply into the causes of the unhappy event. It is highly desirable, therefore, to make a careful study of the present condition of the cotton industry so as to learn what steps should be taken in order to alleviate the present danger that confronts the industry, which is the largest and most modern enterprise in China today.

The Golden Era of the Cotton Industry

The modern textile industry in China dates back to the year 1890 when the famous Li Hung Chang established a machine weaving factory in Shanghai. From that year till 1904, when the Russo-Japanese War broke out, the Chinese cotton industry made little headway, due to the keen competition of foreign mills as well as poor management on the part of the Chinese millowners. Following the conclusion of the War several new Chinese mills were established and by 1914 there were, already 12 mills operating under Chinese management in various parts of the country. During the World War, owing to the absence of foreign products in China's market, the Chinese textile industry advanced by leaps and bounds. The period from 1919 to 1924 was the golden era for Chinese mills, as the termination of the European War left the world in turmoil. The nations, hitherto supplying China with cotton yarn and piece-goods, found themselves in difficulties, when trying of adjust themselves to normal conditions. It is estimated that during this period new Chinese cotton mills established in Shanghai were over 10 in number, with Sung Sing leading in prominence. From 1924 to the present the number of Chinese-owned mills showed further increase. And during the short period of the last two years eight factories were added to the list of the Chinese cotton mills, making a total of 92, with aggregate spindlage of 2,742,752. It is clear, therefore, that the Chinese cotton industry has been growing year by year so far as the number of mills and spindlage is concerned, but the "new" mills established in 1934 were merely extensions of the old establishments, and the increase in the number of mills and spindlage merely the result of keen competition between manufacturers themselves. In fact, the industry has been running under such precarious conditions that the collapse of the whole structure of cotton industry seems almost certain.

Prices Declined Sharply in 1933

Following the adverse conditions prevalent during the preceding year, the cotton industry in 1933 faced the first difficult situation. In normal years the volume of cotton yarn transaction on the Exchange was between two and three thousand bales a day during the month of March, but this period in 1933 saw only about one-tenth of the business as compared with that of March 1932. At the end of March 1933 the stock of cotton yarn amounted to 100,000 bales in Shanghai, with about 40,000 bales in Tientsin, and another 40,000 in other localities, valued altogether at about $38,000,000. This was followed by the sharp decline of prices, the average quotation in March 1933 being 24 taels under the lowest price recorded in 1930.

While the price of yarn was steadily going down, the costs of production kept on ascending and in the manufacture of every bale of 16-count yarn a loss of Tls. 15 would be incurred. This was due to the rise in raw cotton prices. Under such circumstances millowners found it impossible to keep their mills running at usual capacity and soon decided to curtail the output. Since April 1933 many Chinese cotton mills have partly or entirely suspended operation, the average reduction in operation being 23 per cent. At the end of June 1933, 11 mills in Shanghai had closed their doors, laying 340,000 spindles idle, and three mills suspended night shifts, causing 100,000 spindles to be inactive,—which represented 15 per cent of the total of Chinese mills. But in spite of this, conditions still remained depressed and more spindles were suspended from working in the following months. At the beginning of 1934 the yarn market was still suffering from severe depression and it was still very inactive during the spring, unsold stock in Shanghai alone amounting to no less than 150,000 bales. The total number of spindles lying idle reached to 1,244,267 in June 1934. However, as a result of the improvement of market conditions in North China and the reduced production, the stock was gradually decreased, and in Shanghai the total stock stored diminished from 165,704 in February to 71,717 bales in November, a little over half the quantity at the corresponding date in 1933. But in spite of this improvement, the damage done by the misfortunes during the past two years could not be made good at once and during the concluding part of the last year and the beginning of this year we witnessed the closing of several more factories in Shanghai and Tientsin.

The Immediate Causes of Depression

The immediate causes of the plight of the cotton industry are the sharp decline in cotton yarn prices and the increasing cost of raw cotton. In 1932 the average price of standard yarn was about $215, but in 1933 it dropped to $186, and 1934 it further fell to $173. Assuming for the sake of argument that Chinese mills made no profit nor suffered loss at the prices ruling in 1932, the fact emerges that in producing every bale of yarn during 1934, there was a loss of $40 on account of price changes alone. However, this was not all that accounted for the collapse of the cotton industry. In 1919 imports of raw cotton began to exceed exports as the result of the increase of spindlage in the country. Since then the import had further increased till it reached the total amount of 4,622,000 piculs in 1931, which was about 70 per cent of the total production of domestic cotton of the same year. This was the beginning of all misfortunes that have befallen the Chinese cotton industry, for since that year the price of American cotton has been going upward and in 1934 it reached such a point that it was about $10 dearer (per picul) than that of native cotton. As a result, the cost of production soared incessantly. Thus while the price of yarn and piece goods was falling the cost of production was soaring upward with the consequence that the loss suffered by the manufacturers has been increasing. According to a recent estimate, the loss in manufacturing one bale of medium quality yarn (20 counts) is about $26.90. Calculating the volume of cotton goods produced, which amounts to about 2,200,000 bales each year, one can readily comprehend how much the cotton industry has been suffering these years.

Adverse Conditions—Causes of Depression

But what has brought such an acute depression to China's cotton industry? Any one who has kept in touch with the general trend of events in the country can easily answer this question. The troubles with our cotton industry have their origin in the adverse conditions in the country, as well as in the evils that have taken root in the industry itself. For the past 20 years or more there never has been a year when there were no civil wars in China. This perpetual warfare has necessarily disturbed traffic and hampered the raw cotton supply to spinners and the spinners' marketing of their products in the interior. In 1931 the Japanese invaded the Three Eastern Provinces and the extensive market in those provinces were then lost to China. The Japanese invasion of Manchuria was followed by the "undeclared war" in Shanghai, floods and famines in the Yangtze Valley, and the bandit disturbances in Kiangsi; all these were serious blows to the cotton industry. The imposition of irregular levies on the cotton goods has been another factor in the decline of the industry. In the districts where the influence of the National Government is not powerful enough, taxes identical to likin are levied in spite of everything. The competition of Japanese cotton mills is also very important in exerting a strong influence on the market. The fact that the quality of Japanese goods is higher than that of competing Chinese products, and at proportionately lower cost, that the Japanese mills have stronger financial backing, and are not affected by the import tariff, being established in Chinese territory, enable them to undersell all Chinese competitors. And recently large quantities of piece goods have been smuggled into the North through the Great Wall, allegedly by Japanese, with the result that cotton yarn produced in the South found no market in the North, while the products of northern mills have to be transported to the South in search of buyers. The last but not the least cause contributing to the depression of the industry is the remarkable decline of cotton production several years before. Statisitics show that the output reached 9,028,000 piculs in 1919 but that it declined since then until it dropped off to 6,399,790 piculs in 1931. From 1932, however, the production of raw cotton has shown considerable progress, but it is still far from being sufficient to meet the demand of the mills in the country. Last year when the output of raw cotton reached the highest mark when it aggregated 11,172,000 piculs, China still imported 1,772,000 piculs of cotton from abroad. In the light of the increasing price of imported cotton, one can readily realize how far the cotton industry has suffered on account of the shortness of domestic supply. From the above we conclude that as a result of the loss of the market in Manchuria, the civil wars and the famines and floods along the Yangtze valley, and the competition of Japanese mills, the market for Chinese cotton goods has been narrowed and the purchasing power of the people lessened. All these have given rise to the situation where the supply of cotton goods exceeds the demand of the market and to the subsequent result—the fall of cotton product prices. This situation has been made worse by the evil of taxation in the country and the shortness of supply of raw cotton, all of which only led to the rise of cost of production.

Inner Defects of the Industry

So much about the adverse conditions in the country. We now turn to the evils that are implanted in the industry itself. It seems that the shortage of capital is one of the most remarkable defects of the industry. Though the number of Chinese mills is more than double that of Japanese concerns, the capital invested in the

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Chinese mills is less than one-half of the capital of the Japanese enterprises. Naturally the Chinese mills have been almost dependent upon loans from banks to keep their wheels running, and they have to pay high interest (in 1934 about $20,000,000 was spent by the Chinese mills for paying the interest on loans alone to financial circles). When the business was running in sound condition, all was well, but once the market became inactive and stocks accumulated many troubles rose up and the whole structure of the enterprise has then been threatened with destruction.

The inadequate business management and the absence of proper experts are other big defects of the Chinese cotton industy. The factory superintendent or the business manager is generally a close relative of the President of the Company or the principal shareholders. They have neither the learning of the trade nor the experience, and yet they know how to take advantage of their position in the was of satisfying their greed. As regards the technical experts, they seldom have proper training nor would they work in the factory. Everything is left to the care of mere operatives. It is next to miraculous if fine cotton yarn is produced, with a reasonable margin of profit, in mills under such slovenly management. It is easy to surmise in the circumstances, what would be the likely outcome of competition between the Chinese mills with their inadequate business management and inferior and superior products.

All these have contributed to the depression of the cotton industry which has recently turned into a "crisis," and produced big, consternation in industrial and commercial circles.

Immediate Relief Is Necessary

It has been agreed among the industrialists that the Government should be requested to extend immediate help to the Chinese mills in order to tide over the present urgent difficulties. All seem to have unanimously believed that the only means to pull the industry out of the rut is to lower the consolidated tax or to raise the tax on the imported cotton piece goods. And there are not a few economists in the country who maintain that the burdens imposed on the Chinese mills is really too heavy for them to bear. For not only have they to pay consolidated tax on their products, but the cost of raw materials is artificially raised to a high level by import duties. This double taxation has done great harm to the industry and eventually neutralized the effect of protective tariff, as it increases the cost of production of domestic goods. While we are not so insensible as to ignore the efforts the Government has recently put forth in connection with the improvement of the standard of domestic raw cotton, we must admit that under the present conditions the Government should not abstain from taking some step to alleviate the tension, whether in the form of reducing the consolidated tax, the raising of import tax on cotton goods, or the granting of a subsidy.

On the part of the industrialists, they must boldly face the necessity for the reorganization of the management and the substitution of new equipment for the old and antiquated machinery, in order to improve the quality of products and increase the efficiency of production. They should admit that no government can help them much if the evils which have taken root in the industry itself are allowed to remain there. What the Government can do is to lift the obstacles that hamper the progress of the industry and to improve the conditions that have directly or indirectly to do with the industry, but it is unreasonable and impossible to expect the Government to revive its life when its inner constitution is allowed to deteriorate.

Shanghai, March 14, 1935.

Mrs. Gorge A. Fitch Discusses Relative Dangers in U. S. and China

Mrs. George A. Fitch, speaking at a meeting of the American Association of University Women in Shanghai last week, said that the United States is a far more dangerous country than China ever thought of being, that is if newspaper headlines tell the true story. Mrs. Fitch mentioned that as so many people in the United States had questioned the safety of living in China because of a murder in Anhwei, she had raised the query whether any Chinese would feel safe in America after scanning the front page headlines of the American newspapers. She quoted the Hauptmann case, numerous kidnapping stories, the *Morro Castle* disaster, etc. Mrs. Fitch said there is still unemployment in the United States, but her general impression, after motoring eleven thousand miles in three months, was that there is confidence in the Administration and hopefulness for the return of more stable business conditions.

Members of the Chinese Women's Club and the American Women's Club were joint hostesses to women members of the Los Angeles Chamber of Commerce tour party at a luncheon at the Foo Loo Zoo restaurant in Shanghai.

Alice Tisdale Hobart, author of "Oil For the Lamps of China," addressed a large body of Shanghai women, representing more than a score of nationalities at the American Women's Club in Shanghai Mar. 27 on the subject "Business and Literature."

The Hu Han-min---General Doihara Conversations on Sino-Japanese Relations

(From a Correspondent in Hongkong)

GENERAL Doihara, Japan's professional propagandist and soldier-diplomat, visited Hongkong and had a two-hour conversation with Hu Han-min, an old member of the Kuomintang, now retired and residing in Hongkong. Accompanied by many other officials of the Japanese consulate, General Doihara called on Mr. Hu, and told him that as Canton is the "birth-place" of the Chinese revolution, and that as he had not visited Canton before, he decided to take a trip to the South. Further, realizing that Mr. Hu is a close follower of Dr. Sun Yat-sen, and a veteran member of the Party, General Doihara decided to pay Mr. Hu a visit. The first question which General Doihara asked was Mr. Hu's opinion regarding the Sino-Japanese situation. Thoroughout the whole two-hour conversation, the Japanese official spoke very little, while Mr. Hu went on to speak in a very convincing manner, and with full eagerness and with timely gesture, despite his age, first by launching a bitter attack on the wrong Japanese policies towards China since September 18, 1931. The following is the gist of Mr. Hu's speech :—

Sino-Japanese "Co-Operation"

Dealing with Sino-Japanese co-operation, Mr. Hu said that he agreed with the co-operation in principle, but such co-operation must be based on the teachings of the late leader, Dr. Sun Yat-sen. That is, "to join and to struggle with those people in the world who treat us with equality". "Therefore," said Mr. Hu emphatically, "before we discuss about Sino-Japanese co-operation, we must find out what are the obstacles which are before us and which have prevented our co-operation in the past; and we must first remove such obstacles!" "The only obstacle before us", continued Mr. Hu, "is the failure on the part of Japan to abandon her aggressive policy in China. The Japanese Note of April 17, 1934, actually declaring her hegemony in Asia, is the greatest of all obstacles. Unless Japan would abandon her traditional aggressive policy in China; and proves her good intentions toward the Chinese, the talk about Sino-Japanese co-operation is bound to be a failure."

Further, Mr. Hu went on to say that the Sino-Japanese co-operation "must be constructed on the foundation of the approval from the Chinese people". "So the first thing to do is to find out whether the Chinese people would approve. If such co-operation is without the approval of the people, it is not a genuine co-operation. The flaky coping of one or two sentences from Dr. Sun's teachings to justify the formation of the co-operation, as done by Wang Ching-wei when he made a report on diplomatic affairs, is to misunderstand Dr. Sun's teachings and Dr. Sun's Pan-Asiatic Doctrine. Should Japan go on to seek for co-operation with only one or two officials in Nanking—what they are doing is only to arouse the Chinese opposition; and they would witness another failure when they approach only one or two officials, such as Yuan-Shih-kai, etc., for co-operation—to the total disregard of the Chinese public opinion", said Mr. Hu.

World Peace Stressed

"What we should do today is not only to maintain the peace between China and Japan, but also world peace. But in order to have peace, the necessary step is to avoid the unequal dealings between China and Japan. So Dr. Sun expressed his strong opposition to the 21-Demands", continued the veteran member of the Kuomintang.

Twenty-one Demands Recalled

Mr. Hu told General Doihara that when Japan presented the infamous 21-Demands to China in 1915, both Dr. Sun and Mr. Hu himself were taking refuge in Japan. Mr. Hu remembered that once a Japanese scholar of reputation asked Dr. Sun why it was that although both the Japanese and American-European nations had "insulted" her, China hated Japan the most?

To this, Dr. Sun answered that China and Japan are two brother countries of the same race and lauguage, China being an elder brother, while Japan is a younger brother, but that as between China and American-European nations they are mere friends. "So it is not surprising to see a friend insulting the other; but it is a serious matter should the younger brother insult the elder brother! That is the reason why China hates Japan more than the American-European nations", said Dr. Sun to the Japanese scholar. So Mr. Hu pointed out that what is known as Sino-Japanese "co-operation", as advocated by Dr. Sun, is based on "equality and good will" between China and Japan. Anything short of that would not be approved by the Chinese people, concluded Mr. Hu. General Doihara after expressing his admiration for Mr. Hu, assured him that Japan would not seek for co-operation with any individuals.

Mr. Hu on the Far Eastern Situation

The veteran member of the Kuomintang, in another lengthy article on the Far Eastern situation, first pointed out that the Japanese aggression in the North-Eastern Provinces (Manchuria) has created a grave situation in the Far East; has trampled under foot all international agreements which serve to protect the territorial administrative integrity of China; and has become a menace to the peace in the Far East as well as the peace of the world.

Mr. Hu characterized the Japanese Note of April 17, 1934 as a Japanese declaration of Japanese "protectorate" over China; Japanese "hegemony" in Asia, and "nullification" of all good efforts of the Washington Conference to maintain the peace in the Far East; and "unilateral abrogation" of the 9-Power Treaty by Japan! The "Agreements", signed by Japan with Nanking were intended, according to Mr. Hu's opinion, to seek China's "recognition of the fait accompli"; and which, in turn, would be utilized by Japan to prevent any interference of the Far Eastern affairs by any powers.

"The Japanese aggression in the North-Eastern Provinces (Manchuria) has its direct repercussion upon the Russian aggression in Sinkiang (Chinese Turkestan), which is responsible for creating another critical situation in China's North-west. But the Russians by going on with their activities in the Province, have also intensified the Japanese activities in the Western Mongolia and North China. While Russia and Japan are competing with each other, China is the worst sufferer! Thus, we will see, the situation in the Far East is becoming more and more critical than ever before! But let it be noted that in the meantime the Chinese national feeling is also intensified, due to the aggressions. The Chinese people would never agree to any agreements which the government might sign, and which are contrary to the interests of the nation," Mr. Hu declared.

Mr. Hu on the "Solution" of the Far Eastern Situation

After appealing to the powers for action "to be jointly responsible" for the settlement of the Far Eastern situation, and after expressing his wholehearted approval of Mr. Stimson's letter to Senator Borah, Mr. Hu pointed out some of the "principles" for the settlement of the Sino-Japanese situation. They may be summed up as follows :—

(1) The State of Manchukuo must be abolished; and the North-Eastern Provinces must be returned to China.

(2) China and Japan should discuss with each other on the development of the natural resources in the North-Eastern Provinces, and other mutually beneficial undertakings; attention should be paid to prevent the party from claiming any superior position.

(3) Japan should abandon her territorial ambition in China; her claim of "speical rights", and all other political designs, but take up only purely commercial activities.

(4) Russia should cease her propaganda activities in China; and should abandon her territorial ambiton in China.

(5) The puppet autonomous State in Outer Mongolia must be abolished and the anti-Chinese feeling in Outer Mongolia and Singkiang should be suppressed.

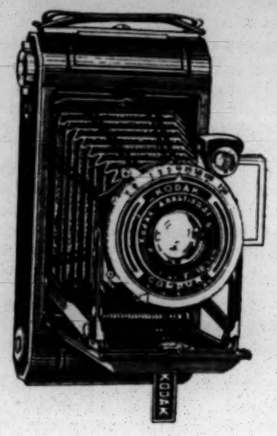
"In other words," said Mr. Hu, "to resort to the 9-Power Treaty, to maintain the balance of power in the Far East; to uphold the Open Door Doctrine of 1898 in China, is the only way to save the Far Eastern situation, not only because it would afford a chance of development to transitory China, but also it would avoid any international complication. Put in other words, the Powers should seek the solution of the present critical situation in the Far East in accordance with the provisions of the existing international treaties; and the solution should not take the form of the division of spoils, but should be settled in the light of justice and righteousness".

After visiting Hongkong and interviewing so many leaders in the South, both General Suzuku and General Doihara must now be aware of what is the policy of the "opposition" in China towards Japan! In dealing with China, the Islanders are reminded that they should take into consideration the opinion of the opposition as well.

Hongkong, March 20, 1935.

Amoy Editor Hints That Customs House Fire May Have Been of Incendiary Origin

The *Amoy South China Press* in an editorial Mar. 21, discussing a recent fire in the Customs House, hinted that the official explanation that the cause of it was the heavy pressure of matches piled on top of each other might not be the real one, and that the fire may have been caused by an incendiary. The *Press* commented: "He must stop thinking that all these outrages perpetrated against the Customs House were accidents. Those who are at the helm of the Customs service should care for the public property placed in their custody as if they were their own, and they should stop believing that anything that goes wrong around them is nothing but an accident so long as their health and pockets are not concerned. Possibly when the Custom House is bombed or goes on fire, they will begin to think that it is no longer an act of God but of the Devil."



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Kiangsi Reds on Last Legs

(From the Review's Correspondent at Hankow)

IT is only a question of time when the Reds in southern Kiangsi will be eliminated. Even though they do number about 6,000 in all, they are divided into four or five distinct groups operating in widely different areas, and the most inaccessible ones in the province. This accounts for the fact that the government troops have not been too eager to climb the mountainous terrain where the Reds are entrenched. It takes only a handful of men to hold the mountain passes and the Reds have the advantage in every way. But gradually the government forces are driving the communists to the wall. Moreover, the boycott in the long run will prevent the Reds from getting adequate supplies. At present it is to be feared that some supplies are being smuggled over the borderline. The day of the Reds in Kiangsi is drawing to a close.

Reconstruction and Rehabilitation in Kiangsi

Several groups of college-trained men and women are actively engaged in the work of reconstruction and rehabilitation. In Lichwan on the Fukien-Kiangsi border a group of earnest Christians are developing a project for the rehabilitation of the whole hsien (county) along Christian lines. Just recently a large section of the hsien has been vaccinated. Plans for better farming methods, better housing facilities, more sanitary living conditions, and a higher standard of living, are included in the program. Cooperatives are being established in several centers, and classes for the instruction of the farmers in various useful lines have been started. The National Economic Council is doing a fine piece of work in modernizing the province. Having enlisted eager and enthusiastic youth in their project, their work is progressing by leaps and bounds. That students educated for a white-collar job should become rural-minded and willing to devote their time and energy in developing improved conditions for agriculture, is something that augurs well for the future. There is hope for a country where the educated youth is willing to sacrifice something for the commonweal.

Peiping-Hankow Long Distance Telephone

Survey work for the projected Peiping-Hankow long-distance telephone line has just been completed. When the whole system has been completed the following nine provinces will have inter-provincial telephonic connections: Kiangsu, Chekiang, Hupeh, Honan, Anhwei, Hopei, Shantung, Shensi, and Kiangsi. Installation work will begin in the autumn along the Lunghai and the Tientsin-Pukow lines.

Honan Refugees Sent to Ninghsia

The situation is most serious in Kwantai. Most of the villages in Huahsien have been inundated with thousands of refugees seeking help. Scores of refugees are dying of hunger and exposure and disease. The first group of 5,000 Honanese have been sent to Ninghsia under the auspices of the Ministries of Industry and the interior at the joint expense of the Honan and Ninghsia provinces.

Kweichow Reds Fleeing Toward Yunnan

General Chiang Kai-shek and Madame Chiang arrived in Kweiyang by air from Chungking on the 24th of March. His policy seems to be this: Personal supervision of his job of eliminating the Red menace. As a natural consequence his subordinates believe he is in earnest and enlist in hearty cooperation with him. The Red Commander, Chu Teh, has met with reverses ever since leaving southern Kiangsi. Obviously blocked in his attempt to make connections with Ho Lung in northwestern Hunan, he has now been compelled to retreat in the direction of Yunnan in western Kweichow.

Robert Haas, League of Nations Delegate, in Hankow

Robert Haas, liaison officer for technical cooperation between the League of Nations and China, arrived here March 27. Coming from a tour of inspection of irrigation canals in northern Shensi and Yellow River dikes in Honan, Mr. Haas inspected the Kingsui dam near Wuchang, by which a million mow of land have been reclaimed. This dam was just completed a few weeks ago, after months of intense work on the part of scores of engineers and workmen.

The League officer was accompanied by several high government officials engaged in conservancy works.

Ping-Han Railway to Build Steel Bridges

The latest decision of the Ping-Han Railway is to build three new steel bridges to replace the wooden ones constructed as a makeshift after the flood of 1932 (Yellow River).

The Hsin Loh bridge, 229 kilometers south of Peiping, will be the first to be built, at an estimated cost of ca.$560,000.

Opium Dens of Chungking Closed

Opium dens, which in Chungking alone were said to net the government authorities $100,000 in taxes per month, have been ordered closed by stern orders of General Liu Hsiang. More than one thousand dens are affected. The National Health Administration is cooperating with the Opium Suppression Commission in supervising the establishment of clinics for the treatment of drug addicts. Formerly Szechuen officials collected $15,000,000 annually from fines and taxes on the opium trade. It is to be hoped that all government offficials will seek to find some other more honorable source of revenue for running their provincial and national offices.

Hankow, April 1, 1935.

Japanese Shipping Lines to Meet Foreign Competition

Plans to compete with foreign lines on the New York-Orient and the Europe-Orient routes are being discussed by Japanese shipping interests. The Nippon Yusen Kaisha, operating a line to Europe, was said to be laying plans to oppose the invasion of that field by new German and Italian liners.

Japanese Government Moves to Promote Foreign Trade

Two Government Ministries in Tokyo, April 1, disclosed measures whereby they hope to further promote Japan's trade interests abroad. The Ministry of Commerce and Industry announced the establishment of a board of advisors attached to the Bureau of Foreign Trade, while the Foreign Office made public plans for an extensive reorganization of its Bureau of Commercial Affairs. The Trade Advisory Board will consist of recognized authorities on foreign trade problems, who will be appointed by the Cabinet. The measures for reorganization of the Bureau of Commercial Affairs of the Foreign Office range from the temporary appointment of officials from other Ministries to Gaimusho posts, to the training of future retail merchants to be sent abroad.

Japan's Trade in Latter Part of March Results in Favorable Balance

Japan's foreign trade in the latter part of March resulted in a favorable balance of Yen 5,199,000, with exports totalling Yen 85,963,000 and imports, Yen 80,764,000, it was announced by the Finance Ministry in Tokyo March 31. The excess in imports since January was Yen 161,969,000, the announcement added.

Officials Plan Curb on Japan Rayon Production

Japanese Government officials are reported to be considering the application of statutory measures to curb the production of rayon. According to figures released by the Ministry of Commerce and Industry, rayon production in Japan at the end of November in 1934 totalled 93,735,200 pounds, while that for the whole year in 1933 was 98,282,930 pounds. Total 1933 manufacture showed an increase of 28,346,175 pounds over that of 1932. This continuous increase in rayon production was ascribed by the officials not only to the replacement by rayon of cotton yarn and silk at home, but also to increased artificial silk exports. In view of the raising of foreign barriers against Japanese rayon exports, the Ministry was said to be planning the application of provisions of the Law to Control Important Industries to the industry.

Japanese Departs for U.S. to Clinch Deal for American Ships

Kenkichi Takahashi, president of the Trans-Pacific Company of Tokyo, departed from Yokohama Mar. 26 for the United States in order to conclude a deal whereby a fleet of sixty idle American ships will be brought to Osaka for dismantling. The vessels he seeks to secure are old units from the fleets of the Admiral Line and the Alaska Packers Company.

If his plans are realized, a party of about 200 Japanese seamen, recruited among the ranks of the unemployed, will leave for the United States early in April to bring the first contingent of five steamers, all above 3,000-ton displacement to Osaka, Mr. Makahashi said. Obstructions were put in the path of the purchase negotiations in America by persons who alleged that Japan was purchasing the ships to secure gun metal for use in a war against the United States, he continued.

"But, Robert S. Dollar, President of the Dollar Steamship Lines, who was my class-mate at the University of California refused to listen to such nonsense and not only agreed to sell some fifty ships but offered his good offices in the purchase of the Alaska Packers' ships," Mr. Takahashi stated.

Fourth Aluminum Company Founded in Japan

With the formal founding on March 26 of the Japan Aluminum Reduction Company, Japan at present has four concerns of the kind using raw material obtained in Japan, Manchukuo, Korea and the Netherlands East Indies.

The company will be capitalized at Yen 10,000,000, a quarter paid up. Its object is to extract aluminum from bauxite from the Netherlands East Indies, using power supplied by the Taiwan Electric Power Company, Formosa. The enterprise will be undertaken by several business concerns. The Taiwan Electric Power Company will subscribe 300,000 shares, Mitsui Gomei Kaisha and Mitsubishi Goshi Kaisha each 20,000, Furukawa Gomei Kaisha 15,000, Sumitomo Goshi Kaisha, and Okura and Company and Yasuda Hozensha each 3,000. A German expert recommended by both Mitsui and Mitsubishi will be engineer-in-chief.

Japan Aluminum promoters, headed by Takashi Isaka, have already entered into contract with the Netherlands East Indian Government for the importation of bauxite.

According to Mr. Isaka, a contract has already been signed between Japan Aluminium and Taiwan Power for the buying of 25,000 kilowatts of power a year for the industry. A factory site covering 70,000 tsubo has been purchased at Takao.

"The International Aluminum trust may dump its products after Japan Aluminum enters the market, but Japan Aluminium is prepared for this," Mr. Isaka said. "The company will be able to supply the highest quality aluminum now quoted at Yen. 1,500 a ton for about Yen 1,000."

The three other firms are: The Japan Electric Industry Company, formerly known as Japan Iodine Company, having its alumina factory in Yokohama and its reduction plants at Omachi, Nagano Prefecture; the Nichiman Aluminium Company, which will start manufacturing soon at Iwase, Toyama Prefecture, with Manchurian clay, and the Sumitomo Aluminum Reduction Company having its factory at Niihama, Shikoku, but not having started operation yet. The Japan Electric Industry Company is using Korean alum ores as material and plans to manufacture this year 5,420 tons of aluminum. Nichiman Aluminum's scheduled output is set at 700 tons.

Ceylon Feels Competition of Japan and China Tea

Increased production of tea in Japan and China and the corresponding growth of exports of the product from these two countries are causing uneasiness in Ceylon, one of the world tea producing centers, according to a report received by the Tokyo Foreign Office from Colombo March 27. A Colombo newspaper, according to the report, discussed the matter editorially in a recent issue and stressed the necessity for having Japan and China included in the international agreement for the limitation of tea production.

The tea industry in Japan and Central China is making steady progress, the newspaper noted, pointing out that tea exports from these parts during 1934 showed an increase of 2,200,000 pounds over 1933.

Special Military Maneuvers to Commence on Nov. 8

Special military maneuvers will be held in the southern part of Kyushu for six days commencing on November 8, the War Ministry announced April 1. A military parade will be held on November 13, marking the conclusion of the war games, the announcement added.

First Military Attache to Siam Appointed

Major Seiji Moriya, a member of the General Staff, has been appointed the first military attache of the Japanese Legation to Siam.

Amount of Deficit Bonds Reduced by Yen 200,000,000

Increases in revenue, savings in estimated costs and the carrying over of some expenditures into the next fiscal year, enabled the Finance Ministry to balance its accounts for the 1934-35 fiscal year, ending Mar. 31, with a deficit bond issue Yen 200,000,000 below the amount at first estimated. The total "red-ink" borrowings for the year totalled Yen 570,000,000, a Ministry official announced Mar. 30, as the Government placed on the market a new issue of Yen 380,000,000.

Japanese Banks Show Reduced Profits

The Mitsui, the Mitsubishi, and the Sumitomi Banks report decreased profits for the second half of last year. Their profits were nevertheless, around five million yen in each instance.

Professors Forbidden to Comment on Politics in Signed Articles

Professors of the Tokyo Imperial University have been ordered to refrain from commenting on politics in signed articles contributed to newspapers. With a few exceptions, a survey revealed that almost all chairs on Constitutional Law in leading colleges and universities throughout Japan are occupied by professors who are regarded as members of the Minobe School. They are: Dr. Junji Nomura and Prof. Toshiyoshi Miyazawa, of the Tokyo Imperial University; Prof. Sotaro Watanabe, of the Kyoto Imperial University; Prof. Matasuke Kawamura, of the Kyushu Imperial University; Dr. Ushijiro Sato, of the Tohoku Imperial University; Dr. Soichi Sasaki, of Kobe Commercial College and Dr. Shigeji Moriguchi, of the Osaka Commercial College. In their lectures they have steadily supported Dr. Minobe's views that the State is a "juridical body," of which the Emperor is an organ in contradiction to the theory that "the Emperor is the State."

War Office to Act on Minobe Question

If the Government delays action on the Constitutional thesis of Dr. Tatsukichi Minobe, which asserts that the Emperor is "an Organ of the State", the War Office is prepared to take steps to bring the matter to conclusion, General Senjuro Hayashi, War Minister told the Army members of the Supreme Military Council in March 27.

Seiyukai-Minseito Coalition Movement Grows

The alleged uncertainty as to the fate of the Okada Cabinet is cited by political observers in Tokyo as one of the reasons for the strengthening of the movement for the coalition of the two major political parties, Seiyukai and Minseito.

Korean Governor-General Ugaki to Visit Tokyo in May

General Kazushige Ugaki, Governor-General of Korea, will visit Tokyo in the middle of May to pay his respects to Emperor

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S.D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep. Peiping	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,, Pengtai	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,, Langfang	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,, Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr. Tientsin East	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep. ,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,, Tang-ku	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,, Lu-tai	,,		5.26	11.41	13.48	17.43	4.09		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,, Tang-shan	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,, Ku-yeh	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,, Lanhsien	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,, Chang-li	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,, Pei-tai-ho	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,, Chin-wang-tao	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr. Shan-hai-kwan	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep. ,,	arr.						21.26		
		16.25						arr. Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934. BY ORDER.

Hirohito and [illegible] confer with Premier Keisuke Okada, it was announced in Keijo March 26. According to a recent the report he will take the opportunity to resign from his post which he has held since June, 1931. He has been acclaimed as the best Governor that Chosen has ever had, because of his thoughtful and farsighted administration. His success in the administration of Chosen has added much to his political possibilities, and many persons are counting on him to be a future Premier of Japan.

Takahashi Denies Rumors of Resignation

A vigorous denial of the rumors of his intended resignation was issued March 29 by Korekiyo Takahashi, Japan's 81-year old Finance Minister. Incidentally he expressed the opinion that the United States' stand on the question of war debts held the key to the solution of Europe's economic troubles.

Counsellor in London Becomes Minister to Canada

Sotomatsu Kato, Counsellor of the Japanese Embassy to Britain, was formally promoted March 29 to be Minister to Canada, succeeding Iyemasa Tokugawa, who has been appointed Ambassador to Turkey. The post vacated by Mr. Kato will be occupied by Keinosuke Fujii, Couenellor of the Embassy to America.

Belgian Ambassador Calls on Mr. Shigemitsu Prior to Contemplated Trip to China

Vernacular newspapers in Tokyo Mar. 29 attached importance to the statement of Baron de Basompierre, Belgian Ambassador to Japan that he had called on Mr. Shigemitsu, Vice-Minister for Foreign Affairs, to obtain data on Japan's Far Eastern policy in preparation for a visit to China in April.

Ambassador Ohta to Leave For Moscow on April 10

Tamekichi Ohta, Japanese Ambassador to Soviet Russia, who has been on furlough since December 10, last year, will leave Tokyo for Moscow on April 10. On his way to Russia, Mr. Ohta will visit Manchukuo where he will inspect conditions along the North Manchuria Railway.

Japanese Diplomats Abroad to Hold Conferences

Koki Hirota, Foreign Minister, Mar. 28, issued instructions to Japanese Ambassadors and Ministers stationed in Europe directing them to meet in Paris for a week in the middle part of June to exchange views of the latest developments in the European political situation.

Foreign Office Says Japan Will Co-Operate With League

With the severance of the formal links binding Japan to the League of Nations, Gaimusho high officials announced March 27 that Japan will continue to participate in all League activities aiming at international co-operation.

Japan Marks Anniversary of Withdrawal from League

The second anniversary of the Japan's withdrawal from the League of Nations was marked March 27 by memorial services at the Soldiers' Hall in Tokyo.

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Japanese Prove Formidable Competitors for Both Americans and British

Two telegrams on the same date (Mar. 28), one from New Bedford, Mass., and the other from London illustrated the effect of Japanese competition. At New Bedford the closing of the Butler Mills, employing 850 textile workers, was attributed to Japanese competition. The London message quoted from the Department of Overseas Trade report on economic conditions in British Malaya during 1934, which showed a marked increase in Japan's exports of cotton products, piece goods, cycle accessories and cycle tyres.

Dairen Merchants Complain of Lack of Coolies

A *Reuter* despatch from Dairen Mar. 29 stated that Manchukuo is suffering from an alarming dearth of coolies, owing to the enforcement of the Government labor monoply, with the result that construction programs are being seriously hindered. Following the receipt of numerous protests from the business community, the Dairen Chamber of Commerce besides sending a written petition, despatched a representative to Changchun to beg for relief. While no less than 110,000 coolies arrived from China last March, only about 40,000 entered Manchuria during March.

Korean Mass Emigration Plan Discussed in Tokyo

After an exchange of views with representatives of the Government-General of Korea on a project to send one million Korean emigrants into Manchukuo in the next 15 years, Overseas Ministry authorities March 29 decided to return the plan to Seoul for further study before it is presented to the next session of the Diet. The project, prepared by the Government-General of Korea, aims at the establishment of an emigration company capitalized at Yen 30,000,000 through which 100,000 Korean families, consisting of about 500,000 contract emigrants, and 60,000 Korean families, comprising about 500,000 free emigrants, will be sent to Manchukuo in 15 years.

Emperor Kang Te Travels to Japan on Naval Boat

WITH combined pomp and precaution, Emperor Kang Te of Manchukuo departed from Hsinking (Changchun) early in the morning April 2 on a visit to Japan. Extraordinary precautions are being taken all along the route and in Japan itself.

All the citizens of Tokyo and Yokohama, as well as other districts in Japan which are to be visited by the Manchukuo ruler, have been required to produce vaccination certificates. At the same time a rigorous check is being made on other communicable diseases. Not only have those who are physically afflicted been put under surveillance, but Japanese of known radical or other tendencies, or otherwise on the police blacklists, have been combed out for temporary detention during the entire three-weeks stay of the erstwhile Pu Yi in the Island Empire. The movements of Chinese and Koreans are being investigated on the ground that some of them might harbor evil intent against the Emperor of Manchukuo.

One thousand five hundred extra police of unimpeachable reliability will be mobilized each day to protect Emperor of Kangte, guard his palace and line the routes of his goings and comings.

Seventy-four of the highest Manchukuo and Japanese dignitaries are accompanying the Manchurian emperor on his visit. The trip from Dairen to Yokohama is being made on the Japanese navy's Imperial passenger boat the *Hiyei*, a remodelled battle-cruiser. Accompanying the cruiser are the destroyers *Murakumo*, *Usugumo* and *Shirakumo*, comprising the Japanese Twelfth Destroyer Flotilla.

From Yokohama, a special train is to carry Emperor Kangte and suite to Tokyo station, where Emperor Hirohito and the highest officials of his court are scheduled to be in waiting. Then will begin nine days of brilliant entertainment for the visitor. A special army review will be staged in his honor April 9 on the Yoyogi Parade Ground. The Manchu Emperor's home during his Tokyo stay will be the Akasaka Palace.

A message from Dairen May 30 stated that a plot on the part of 23 Korean malcontents to assassinate the Emperor Kang Te had been discovered. The would-be assassins are reported to have had designs not only upon the Emperor, but also upon many prominent Manchukuo and Japanese civil and military officials. They were also said to have had plans for "nation-wide acts of destruction."

Air Review to Mark Emperor Kang Te's Arrival in Japan

A monster air review will form a part of the ceremonies accompanying the arrival in Tokyo of Emperor Kang Te of Manchukuo on April 6.

Japanese Officer Killed by Bandits North of Maoerhshan

A Japanese non-commissioned officer, Takeji Naito, of the Wakayama detachment, was killed in action while engaging in an operation against a group of armed bandits in the hills North of Maoerhshan, on the eastern section of the Chinese Eastern Railway Mar. 13.

Five Japanese Soldiers Killed at Ma Lang-tou by Bandits

Five Japanese soldiers were killed, and several others were wounded in a battle which took place between Japanese troops and bandits, numbering about 200, in the neighborhood of Ma Lang-tou in Manchuria Mar. 16. After a four hours' fight the bandits fled. The bandits, according to the *Asahi*, left 50 corpses behind.

According to figures released by headquarters of the Kwangtung Army, four Japanese soldiers killed and one seriously wounded is the total loss so far sustained by the joint Japanese-Manchukuo forces engaging in the "mopping-up" campaign against bandits in the provinces of Kirin and Jehol.

Bandits Still Rampant Along East-West North Manchuria Line

The *Osaka Mainichi's* staff correspondent telegraphed from Changchun March 20 that while the Japanese and Manchukuo railway guard authorities are now ready to ensure peace and order in the regions along the North Manchuria Railway upon immediate transfer of the railway, the eastern and western sections of the railway continue to be molested frequently by bandit attacks. The eastern section especially is disturbed by outlaws. On the morning of March 13, a gang of about 150 bandits cut off telegraph and telephone wires between Hsiachengtse and Machiaoho and raided the railway station of Machiaoho. On the night of March 18, outlaws severed the telegraph and telephone communications between Maoerhshan and Erhtaohotse.

The Governor of Tunghua Province, his wife, and two Japanese officials in the employ of Manchukuo were carried away by bandits March 16 when their motorcar was attacked near Toyaoling, between Liubo and Tunghua, and attendant guards were disarmed. A squad of soldiers from the Manchukuo Garrison at Shanchengchen was dispatched to rescue the missing party.

Mitsubishi to Establish Machinery Works in Mukden

Mitsubishi, Japan's second largest financial combine, is planning to establish a huge machinery plant in Mukden. The works will be jointly financed by the Mitsubishi Heavy Industry Company and the Mitsubishi Shoji Kaisha.

National City Bank Branch in Mukden to Close in May

The Mukden branch of the National City Bank of New York will close May 31 because of lack of business.

S.M.R. Expects Huge Profit—Millions to Be Spent in Changing Gauge

The South Manchuria Railway Company expects to earn Yen 46,000,000 during the 1935-36 business year, according to the current budget. Between Yen 10,000,000 and Yen 15,000,000 is to be expended by the S.M.R. to change the gauge of the N.M.R. to standard width, and also to repair the bridges.

S.M.R. Co. to Control New Investments in Manchukuo

The Japanese Government will instruct the South Manchuria Railway Company to assume a controlling interest in all Japanese enterprises to be opened in Manchukuo in the future, an official of the Manchurian Affairs Bureau stated in Tokyo, March. 30. This, according to the official, has been tentatively decided by the Bureau to avoid a waste of capital and duplication of effort.

Japan-Manchukuo Economic Conference to Be Established

Preparations for the establishment of the Japan-Manchukuo Economic Conference are progressing rapidly in the Manchurian Affairs Bureau of the Japanese Cabinet, a Bureau official revealed in Tokyo, March 31. He expected that the draft measures, including a treaty, would be completed before the end of April, with the formal inauguration of the new institution taking place early in May.

Kwantung Bureau to Issue Regulations to Supervise Petroleum Sales

Simultaneously with the scheduled enforcement on April 10 of the Manchukuo Oil Monopoly, the Japanese Kwantung Bureau will enforce the regulations to control oil sales and importations into the leased territory.

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Explosion at Mukden Arsenal Kills Many Workers

Over 50 workers were killed and about 20 others, unaccounted for as result of an explosion in the Mukden Arsenal on the morning of March 30. The explosion, which was caused by over-pressure of the No. 1 boiler, was followed by fire which raged for fully eleven hours before it was brought under control. Damages were estimated in the neighborhood of $800,000. The police have arrested the foreman of the Arsenal and eleven important members of the staff, who are suspected of sabotage.

S.M.R. Takes Over All C.E.R. Properties

The South Manchuria Railway has been entrusted by the Manchukuo Government to take over all the properties of the C.E.R. situated outside the railway zone, messages from Harbin state.

S.M.R. Takes Over Local C.E.R. Property, Including Wharf

All real property owned by the Chinese Eastern Railway in Shanghai was formally transferred to the control of the South Manchuria Railway's local branch April 3. The transfer process was begun April 1 when the land and the buildings of the C.E.R. wharf in Pootung were taken over by the S.M.R. All employees formerly in the service of the C.E.R. will be temporarily retained.

The successful conclusion of the Railway transfer agreement between Russia, Manchukuo and Japan is a proof of possibility of Russo-Japanese co-operation in stabilizing the situation, and promoting the peace in the Far East in the future, *Le Temps*, influential journal in Paris declared in an editorial March 15.

Thousands of Soviets in North Renounce Citizenship

Upwards of 3,100 former Soviet Russian employees of the Chinese Eastern Railway have refused to return to Soviet Russia and have handed in their passports to the Soviet Russian consulates with the request that their names be struck off the lists of Soviet Russian nationals. The authorities of the so-called Manchukuo government have provided them with special passports for political emigres.

Harbin Rapidly Loses Russian Characteristics

The transformation of Harbin from a Russian to a Japanese city is proceeding apace. The Russian names of stations are to be changed. Harbin will become Pinkiang. The official language of the former C.E.R. line (now North Manchuria) has been changed from Russian to Japanese and Chinese ("Manchu"). Many of the Russian inhabitants of Harbin are assiduously learning Japanese.

Cruiser "Suffolk" Will Carry China Treasures to England

The cruiser *Suffolk* has been assigned by the British Government to carry the precious Chinese art treasures which are destined for the exhibition at Burlington House,(London) to England when it leaves here in June. The British government has authorized this form of transport in recognition of the generosity of the Chinese authorities in committing the treasures for the long voyage, with the attendant dangers, not the least of which would be the risk of piracy.

Professor Paul Pelliot, of the College of France, and a member of the French Institute, arrived in Shanghai last week to assist in the selection of Chinese treasures for the exhibition to be held in London during the coming winter. He is staying in the Cathay Hotel.

G. Eumorfopoulous, is at present in Shanghai arranging for an exhibition of the Peiping Palace treasures in the old Bank of China building on the Bund, formerly the German Club, from April 8 to April 30.

The *London Times* Mar. 30 in a lengthy editorial praised the exhibition of modern Chinese paintings which are being shown at the new Burlington Galleries in the British capital.

Japanese Hesitate to Loan Art Objects for Exhibit in London

The Cultural Relations Bureau of the Japanese Foreign Office, and art connoisseurs, stated in Tokyo Mar. 25 that they were hesitating to make any loans to the London exhibition in view of the damage Japanese art pieces are likely to suffer when taken abroad. While porcelain articles, sculptures and relief work were likely to be harmed by shocks and jars received in transport, pictures drawn on silk and paper were liable to suffre from dampness at sea, it was stated.

Sino-Belgian Boxer Funds Allotted to Various Institutions

Among the grants approved past week by the Health Affairs Section of the Sino-Belgian Boxer Indemnity Refund Commission were: $10,000 to the Mokanshan Sanitorium; $20,000 for the Nanking People's Midwifery Hospital as fund for the construction of a Sino-Belgian Memorial building; a grant conditional of $40-000 as foundation fund for the Franco-Chinese Uuiversity; U. S. $40,000 bonds will be appropriated as a foundation fund, the interest of which to be used for the building of midwifery clinics at places to be selected by the Commission.

Dr. Wu Lien-teh Reviews Work of Quarantine Service at Annual Reception

The annual reception of the National Quarantine Service (in the form af a cocktail party) was held at the home of Harry Morris in the Shanghai French Concession Mar. 30, when. Dr. Wu Lien-teh, director of the quarantine service, in a speech, gave a general survey of the activities of the Service and other phases of its developments. The vessels inspected in 1934 totalled over 14,000,000 gross tons and were divided among 17 nationalities. T. Yamamoto, local Nippon Yusen Kaisha manager and member of the Municipal Council, in a brief speech in reply to Dr. Wu, praised the excellent work of the quarantine service.

Canton Chapter of the Pan-Pacific Association Is Formed

A Canton Chapter of the Pan-Pacific Association was formed Mar. 30. Chung Yung-kwang, President of the Ling-Nan University, presided at the formative meeting and made a speech on the aims and functions of the Association. General Chen Chi-tang and Lin Yun-kai (Chairman of the Kwangtung Provincial Government) were elected respectively honorary President and Vice-President, with Chung Yung-kwang and Dr. Kan Chia-hou (Special Commissioner of Foreign Affairs for Kwangtung and Kwangsi) as President and Vice-President of the Canton body.

Polish Training Ship Makes Visit to China—Departs for Hongkong

The Polish training ship, *Dar Pomorza*, the first warship of said country to visit Shanghai, departed from Shanghai for Hongkong April 2 following a week of receptions and entertainments in Shanghai and Nanking. The officers were entertained by the Chinese community and at a grand reception at the Polish Legation given by the Minister and Baroness de Weydenthal. The vessel came here from Japan and will make Hongkong her next stop. Captain Konstanty Maciejewicz, in command, was guest of honor at a luncheon party given by Admiral Chen Shao-kwan at Nanking. A tea reception was given by the Sino-Policy Cultural Association; he also was the guest of honor at a banquet given by the Ministry of Communications.

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Bandit Suppression in Kiangsi: Oct. 1933---Nov. 1934

BY S. Y. CHI (季世英)

THE so-called central government of the Communist-bandits was established in a district in the southern part of Kiangsi named Juikin (瑞金), where their main forces were stationed. Since the fifth campaign started in October 1933, the government troops have won victory after victory over the Communist-bandits, and as a result, the communized areas have become smaller and smaller. Finally, with the inability of the bandits to take either a defensive or an offensive position, they could not but leave their strongholds and were thus forced to retreat. On October 20, 1934, the main forces of the Communist-bandits began to launch an attack on the line between Singfeng (信豐) and Anyuan (安遠), while the other forces started firing between Kanchow (贛州) and Singfeng. Immediately after the Communist-bandits had started to push on Ansi(安息), the government South Route Army sent the first division to Anyuan and the second division to Singfeng to meet them between these two cities. Again, the military authorities sent from Tayu (大庾) the fourth division to Wangmutu (王母渡), a town not far from Nankang (南康). While fixing their eyes on the weakness of the government line the Communist-bandits attempted to flee westward by way of Chinglungyu (青龍圩) and Yenchang, (鉛廠) two towns to the northeast of Tayu, where they were defeated by the troops under the comand of General Tu Han-mu. A large number of the Communist-bandits lost their lives in this battle.

In November, after having been defeated by General Yu's forces, the Communist-bandits launched a violent attack on both Jucheng (汝城) and other lines, but the government troops strongly resisted and fought many bloody battles which lasted several days and nights. Finally as a result of a sudden destruction of three block-houses and the capture of Chengkow (城口), the Communist-bandits were able to get through. On November 11, they got hold of Ichang (宜章) but on the following day, the South Route Army and the troops under the command of Gen. Tao Kwang attacked them from the rear in the vincinity of Yenshou (延壽) while Gen. Wang Tung-yuan launched another attack from the right at Wanhuichiao (萬會橋) and Chengnan(郴南), a city in the southern part of Hunan. Then they fled into the border districts of Hunan and Kwangsi, where the combined forces of Kwangtung, Kwangsi and Hunan were following them along the Hsiang and Li rivers.

It was estimated that the total forces under the command of Chu Teh (朱德) and Mao Tseh-tung (毛澤東), two notorious Communist-bandit leaders, consist of about twelve divisions. This means approximately thirty-six regiments. Each of these regiments has in its possession five or six hundred rifles and guns, making a total of twenty thousand in all. Although the real strength of the Communist-bandits seems to be still stronger, the situation is, however, rather optimistic, for two-thirds of their soldiers were enlisted by conscription from among the peasants of Kiangsi. With more or less of a love for their homeland, these peasants are very likely to be deserters. Now, they have got over the Hsiang and Li rivers, and the government troops were instructed to pursue them closely at their heels until they are cleared up.

The Anti-Red Drives in the Past

1. *The cunning contrivances of the Communist-bandits.*—Ever since the fifth campaign commenced, the Communist-bandits have once and again attempted to break down the government cordon of block-houses but were successively defeated. Failing this, they began to try something else. They uttered such watchwords as "fighting at the time when the government troops get on the road." But the government troops marched steadily on, regardless of what the bands said. Faced with repeated failures, they were again forced to change their plans for a third time. On the one hand, they sent forth their Seventh Army by way of Eastern Fukien and Western Anhui to the northeastern regions of Kiangsi under the pretext of resisting Japanese invasion, and on the other, the troops under the command of Hsiao Keh (蕭克), another notorious leader, started to flee westward into Szechuen and Kweichow. They apparently aimed at the arousing of public sympathy with their cause on the one hand, and at creating disturbances behind the government troops on the other. But the people, in general, were so disgusted with the Communist-bandits that they were not at all influenced. They were in perfect agreement with what Generalissimo Chiang Kai-shek advocated: "Suppression of banditry in the interior is a necessary condition in any effective resistance to external aggression". With the aid of bombing planes, the cooperation of the people and the bravery of the dare-to-die soldiers, the Government troops marched steadily on with little or no difficulty. The economic blockade gave the Communist-bandits a real death blow.

2. *The government campaign.*—As is well known, the National government has seriously taken up the matter of Communist-bandit suppression. Aitogether five campaigns have been launched: The first started in October 1930; the second in the early part of 1931; the third in June 1932; the fourth in January 1933; and the fifth or the last, in October 1933. And it is in this last campaign that the government troops has made really marked progress. In the previous campaigns, the government troops used only the regular military tactics in their hostilities against the communist-bandits. They were often led to the communized areas where the Communists usually took advantage of their strategic positions in the thick forests and on the wild mountains. Moreover, due to the difficulty in transportation and the lack of peasant guides and spies, government soldiers then could be compared to "the blind man riding on a blind horse", running astray in the wilderness and being unable to distinguish the east from the west. Again, in the last four campaigns, the government troops were not well organized; neither were they well stationed. Sometimes, the concentration of too many soldiers in one place resulted in much confusion, while at other times, too few were sent forth to be of any use. And what is worse is that the country is successively confronted with external troubles. These are but a few of the explanations for the failure of the previous four campaigns.

Fortunately at last, Generalissimo Chiang Kai-shek took a new course. In view of the failures in the past, he, then made many changes, the essential ones of which are:

1. To reorganize the government troops on the basis of a new system, the so-called "three-regiment system". This increased the real force of the company and took better care of the matters relative to the sending and the receiving of the military messages, the despatching of soldiers, the transportation of supplies, etc. 2. To adopt new tactics: to defend steadily against sudden attacks and to overcome craftiness by maintaining sereneness; to march on in a roundabout way instead of going straightforward; to attack the enemy by fast-moving compass; etc. 3. To train the soldiers to cooperate with the peasants and to establish refuges for the famine-stricken people. 4. To train the higher military officers in Lushan. 5. To build highways and to install long-distance telephones for the sake of military communications. 6. To train the masses in the rural communities by organizing them in accordance with the Pao-Kia system (a modernized titling system of mutual guarantee and protection in which a Pao is composed of ten Kias and a Kia of ten families). 7. To get rid of dishonest officials. 8. To rebuild the rural communities and to organize rural co-operative societies. 9. To solve the land problem. 10. To provide proper treatment for captives and to establish Persuasion (or Repentance) Houses. 11. To reenforce the economic blockade against the Communist-bandit forces. 12. To send forth guerilla bands to the various communized areas in order to carry on military operations.

For these and many other reasons, the government troops have won victory after victory in the past year, and it is now certain that the remnant outlaws along the countryside borders are to be cleared up in the near future.

Kiukiang, March 26, 1935.

Japanese Cultural Society Makes Statement on Reported Activities in Hawaii

Following a report from Hawaii that he was behind a movement to flood the Hawaiian schools with Japanese racial, cultural and political propaganda, Setsuichi Aoki, the General Secretary of the Society of Cultural Relations made a statement in Tokyo March 29 that it was untrue that he was preparing text-books for use in the schools of Hawaii, on the mainland of the United States, or elsewhere. He admitted, however, that the Society is constantly gathering accurate informative material and is engaged in translating interesting books covering every phase of Japanese life, and which are designed to give students and writers of all nations "accurate information."

C. E. Christopherson Joins U. S. Commercial Attache's Office Here

C. E. Christopherson, formerly U. S. Trade Commissioner stationed in Manchuria, was in Shanghai last week on his way to Manila. Following two months in the Philippines, Mr. Christopherson will return to Shanghai where he will be connected with the office of the U. S. Commercial Attache here. Since leaving Manchuria Mr. Christopherson has been stationed in British India. Recently, Mr. Christopherson traveled about the United States in company with the Chinese Communications Commission headed by Gen. Yu Fei-peng, as the representative of the U. S. Department of Commerce.

Chinese Ratepayers Protest to S. M. C. on Proposed Phone Rate Increase

The Chinese Ratepayers Association of the International Settlement sent a communique to the Shanghai Municipal Council, Mar. 29 voicing its strong opposition to the approval of the increase in rates by the Shanghai Telephone Company. In sanctioning this increase of telephone rates, the communique stated, the Shanghai Municipal Council has neglected the interests of its ratepayers. The ability of the entire body of ratepayers to fulfill their obligations to the Council will be considerable lowered when the desire of a single company for higher profit is acceded to, it was argued.

Yellow River Situation in Southern Hopei Grows Worse

The water level of the upper reaches of the Yellow River registered a further rise of three feet end of last week. Minor breaches of the Kin dyke at Huaihsien in northern Honan have occurred and it is feared that they may lead to a major collapse, which would totally plunge Southern Hopei and Northern Honan under water.

The April issue of the *Famine Commission Bulletin* stated that recent investigations by the chief engineer of the China International Famine Relief Commission, O. J. Todd, showed that, at Kuan T'ai Chen, Liu Hsien, Honan, 70% of the Yellow River water is pouring through the gap and flowing in a new current over villages and farm lands for a distance of 150 miles.

Frantic efforts are being made to save the dykes of the Yellow River in the Taihsing Area from collapse.

Engineering work for the reconditioning of the private dykes along the Yellow River in Shantung will be started April 15. General Han Fu-chu, Chairman of the Shantung Provincial Government, has despatched a telegram to the Executive Yuan and the National Economic Council, appealing for the immediate repair of the dykes at the Kuantai Area.

Apportionment of funds for completion of the repairs to the breached dykes of the Yellow River at the Kuantai Area, on the Hopei-Honan border, and the repair of the Chin Dyke, on the Hopei-Shantung border, has been fixed jointly by the new Engineering Bureau in charge of the dyke-repair work and the Yellow River Conservancy Board.

The Shantung Provincial Government has remitted a sum of $150,000 to finance the repairs on the southern bank of the Yellow River at its upper reaches in the province and the northern embankments at the middle reaches.

Kiangsi Province Recruits 300,000 "Citizen Laborers" for Conservancy Work

In accordance with the recent order of General Chiang Kai-shek, to utilize citizen-labor in the service of the State, the Kiangsi Provincial Government has decided to recruit 300,000 laborers—in addition to those already engaged in dredging the Fu Ho (River)—for promotion of conservancy work in the entire province. This project will also serve to aid famine relief and rural rehabilitation.

Tientsin to Launch Anti-Drug Publicity Week

The Tientsin Municipal Government, in collaboration with the local Kuomintang Headquarters, will launch an anti-drug publicity week, beginning April 8.

Opium-suppression work in Kiangsu province is making good progress, according to statistics compiled by the Kiangsu Provincial Opium-suppression Commission. Out of 180,000 opium addicts on the register, 16,514 have already been completely cured, and about 10,000 are under treatment.

Madame Liu Hsiang, wife of the Chairman of the Szechuan Provincial Government, has been elected chairman of the board of directors of the proposed Chungking Sanitarium for the Cure of Women Opium addicts.

Poppy Planting to Be Absolutely Prohibited in Fukien

The province of Fukien has been designated by General Chiang Kai-shek as the area where poppy cultivation is to be absolutely prohibited. The Provisional Headquarters of General Chiang at Wuchang has dispatched Lia Hai-lan as its special representative to conduct a tour of inspection in the various districts to supervise the enforcement of the order.

Japanese Manufacturers Hold Fair in Shanghai

The site of the Kitafuka Mart in the Hongkew Section of Shanghai, which went out of existence last autumn, is being used to hold a Japanese Products Fair. More than a score of Osaka machinery manufacturers are sending exhibits to the Fair, which will open April 10. This will be the first time that Japanese machinery producers have made a concerted bid for the Chinese market.

Shanghai Municipal Council Issues Report for 1934

The Shanghai Municipal Council during the week issued its report for 1934. It comprises a printed volume of 234 pages and contains a summary of the reports issued at various times during the year. Reports are made by the Commissioner of Police, the Fire Department, the Health Officer, the Public Works Department and the Superintendent of Education, in addition to others. The reports contain nothing of any consequence that has not already been made public during the year. The second volume, which will contain the budget for the coming year, to be published next week, will undoubtedly contain much of interest to students of local finance, as it will disclose what adjustments have been made so as to avoid an increase in the taxes.

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M. T. Mag. 4-35 No. 4-35

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Szechuen May Also Become Model Province

BY PAUL K. WHANG 汪仲芳

THE whole country is now turning its attention to Szechuen, wherein a process of reconstruction, both military and political, has been carried on under the personal direction and supervision of Gen. Chiang Kai-shek, President of the Military Affairs Commission. This reconstruction, if successful, will not only stem the tide of the communist menace in Szechuen, but will pave the way for the ultimate unification of the whole country—a goal which has long been hoped for but which has not yet been attained.

The task is admitted to be a stupendous one, but nothing seems to be too stupendous to daunt the spirit of Gen. Chiang, whose patience and preseverance have already won him much success in his campaign against the Red-bandits. Whatever may be said against him by his political enemies, his present endeavor in "relieving the distress of the Szechuenese and reconstructing Szechuen" must win universal admiration and praise. If the officials and people in Szechuen, who have given him such a warm welcome, can cooperate with him whole heartedly in this task of reconstruction, there is really no reason why an era of peace and order can not be successfully introduced into that vast and rich province, which has now become bankrupt because of years of misgovernment and internecine warfare.

Though Gen. Chiang's stay in Szechuen is not yet one month old, the wheel of reconstruction has already begun to move with the force personally exerted by him. This wheel, once moved, will likely go on at rapid strides and crush down all the opposition which may hinder its progress. That this opposition will from time to time develop in its path is a matter of certainty, inasmuch as the numerous provincial warlords can not be expected to reconcile themselves to the new order of things and accept unconditionally any measures which are calculated to clip their respective wings. But the knowledge of their own weakness will possibly restrain them from taking any open actions—which would inevitably spell their doom. Thus by mouth, if not by heart, they will have to pledge their allegiance to Gen. Chiang, so as to save themselves from a fate which is now awaiting them.

General Chiang Disciplines Three Szechuen Generals

Gen. Chiang has already demonstrated by his actions that he is not a man to be fooled with. Without hesitation, he, in the capacity of the President of the Military Affairs Commission, has disciplined three Szechuen generals. Gen. Lo Tse-chow, commander of the 23rd Army, was ordered to be dismissed from his post and to await investigation and due punishment by a special commissioner to be despatched for the purpose, for his repeated unauthorized retreats before the Red-bandits and the loss of his garrison areas. Gen. Tien Sung-yao, commander of the 29th Army, was charged with lack of discipline of his troops and was given one demerit. And Gen. Yang Shen, commander of the 20th Army, who achieved much fame from the Wan-Hsien Incident, was severely reprimanded for making false reports on the military situation in his defence areas.

It is possibly the first time in the past two decades that stern actions have ever been taken to discipline any one of the big provincial military chieftains in that province. These war-lords, it must be noted, have hitherto maintained a more or less independent attitude towards the provincial authorities, and have arrogated to themselves the laws of governing and taxing the people. The provincial authorities instead have had to beg their assistance and curry their favor. In his letter of resignation last year, Gen. Liu Hsiang, new chairman of Szechuen, openly admitted that the success of Red-bandits in over-running a large part of Szechuen had been principally due to the non-cooperation on the part of provincial military chieftains. Gen. Liu has been generally credited as being the strongest man in Szechuen, but he has not yet been strong enough to command the respect of his fellow military colleagues. Thus the defiance and irreconcilability of these provincial warlords can be easily surmised.

So long as this anomalous state of affairs continues, it will be next to impossible to reorganize the demoralized Szechuen forces and conduct a concerted campaign against the Red-bandits. Gen. Chiang has not been oblivious of this situation, and therefore lost no time in asserting his authority. His present actions, in one sense, are nothing but a ballon d'essai which has been raised in order to ascertain what will be the reaction of these provincial warlords. With the presence of his own well-equipped soldiers and the support of the people in Szechuen, he has the situation well in hand, and is in a strong position to cope with any eventualities. His present actions will likely be followed with even more stern measures, which will be designed for the purpose of unifying the control of provincial forces and ridding Szechuen of the curse of military-feudalism once forever.

It is generally believed that Gen. Chiang, prior to his present visit to Szechuen, had already mapped out a definite program to reorganize the Szechuen troops. This program, as reported, will consist of the restoration of discipline to the Szechuen forces, the disbandment of weak and aged soldiers with a view to cutting down the military expenditure, the replacement of recalcitrant military commanders, and the unification of the control of all the provincial forces. When this program is successfully carried out, Szechuen will possess a modern and efficient army, which, instead of being utilized as personal tools, will be used only for the national defence, and the Szechuenese can enjoy a long and lasting peace.

While applying himself energetically to the works of military reconstruction, he has not lost sight of the problems of political reconstruction. As political mal-administration has been principally caused by the interference of provincial warlords, so the first step towards political rehabilitation is to divorce civil affairs from military matters. Thus Gen. Chiang has issued an order to the various commanders in Szechuen prohibiting the following practices:

1.—Military interference in civil administration and judicial proceedings.

2.—Appointment of (military) officers in active service as district magistrates or directors of ditrict bureaux.

3.—Appointment of officers of the local milita by the local military authorities.

4.—Conflicts over privileges between the military and civil officials and the people.

5.—Extortion by revenue collectors.

Gen. Liu Hsiang Becomes a Different Man

Under the aegis of Gen. Chiang, Gen. Liu Hsiang has become a different man from his former self. In order to lighten the burden of the people, he, in his recent manifesto, has promised that farm taxes will henceforth be levied once a year; that during the period of communist-bandit suppression, military surtaxes will have to be levied, which, however will be abolished as soon as the anti-Red campaign is brought to an end; that goods, when taxed once, will be allowed to be transported to all parts of the province without re-taxation; and that all exorbitant taxes and miscellaneous levies will be abolished. In the meantime, Gen. Liu has also proclaimed that beginning from this month all provincial troops will be paid by the Szechuen Rehabilitation Commissioner's Headquarters, while administrative and financial affairs, in the various garrison areas, will be administered by the provincial government.

It has been a long known fact that in Szechuen farm taxes and surtaxes have often been collected ten or even twenty years ahead of the time, and that goods passing from one district to another within the same province have had to pay as many taxes of different appellations and forms. These evils, which have been perpetrated by provincial warlords as a means of raising money to feed and equip their respective provincial army, have not only stifled the growth of commerce and industry, but have precipitated the provincial finance into a bankrupt state. They are the products of militarism, and with the abolition of militarism, they can be eradicated without difficulty. In this connection, Gen. Chiang has recently also issued an order denouncing the imposition by the district authorities of Szechuen of extortionate levies, and requiring all the army commanders to immediately cease the malpractices, failing which "severe punishment must be meted out without hesitation".

Thus from the numerous measures of reformation recently introduced under the auspices of Gen. Chiang, we can see that Szechuen is now well on the way in the process of reconstruction, both militarily and politically. Being situated thousands of miles away from this new center of activities, we, of course, can not watch the march of events at a close range; but we have reason to believe that if Gen. Chiang can be permitted to devote his whole attention and energy to his present task, he will certainly succeed in converting this disorganized state into a model province, as promised by himself to the Szechuen people.

Shanghai, April 1, 1935.

Elaborate Preparations Made to Receive American Economic Mission

Elaborate arrangements are being made by Chinese commercial organizations to receive the American Economic Mission composed of prominent business leaders and economists in the United States and headed by Cameron Forbes, former Ambassador and one-time Governor-General of the Philippines. Chang Kia-ngau is chairman of the Reception Committee with Dr. P. W. Kuo and Mr. Chen Shu-ching as vice-chairmen, and Dr. Francis Pan as general secretary. Under the reception committee will be an executive committee composed of T. D. Yue (chairman of the Shanghai City Chamber of Commerce), Ling Kan-hou (chairman of the National Federation of Chambers of Commerce), P. Y. Ho (director of the Foreigh Trade Bureau of the Ministry of Industry), Hsu Sing-loh (managing-director of the National Commercial Bank), J. Usang Ly (president of Chiao-tung University,) Wang Po-chi (publisher of the *Sin Wen Pao*) and Y. S. Tsao (president of the American Returned Students' Association). The first meeting of the reception committee was held last week under the chairmanship of Chang Kai-ngau, when the following additional members were invited to serve on the reception committee: D. K. Lieu (director of the China Institute of Economic and Statistical Research), T. K. Ho (assistant secretary of the S. M. C.), K. P. Chen (managing-director of the Shanghai Commercial & Savings Bank), L. T. Chen (Kincheng Bank), Chen Hsing-tao (China Travel Service),Bang How (Commercial Press), Z. L. Loo, and Hsiao Tung-tsu (*Central News Agency*). The headquarters and offices of the reception Committee have been established at the Park Hotel.

Among the members of the American Economic Mission due to arrive in Shanghai by the s.s. *President Coolidge* on April 22 are the following:—

Chairman, Cameron Forbes, former American Ambassador to Japan; members: Charles J. Carroll, representing the railway and transportation industry; James A. Thomas of the American Asiatic Association; Walter F. Dillingham, representing the sugar interests of Honolulu; Professor C. F. Remer of Wisconsin University; Thomas Y. Wickham, member of the Chicago Board of Trade; J. H. Dollar, President of the Dollar Steamship Company; Philip K. Condict, Vice-president of the International Telephone Company; Federick V. Field, Secretary of the American Council of the Institute of Pacific Relations; G. Ellsworth Huggins, New York cotton manufacturer; John S. Campbell, vice-president of the Wilcox-Hayes Company of Portland, Oregon; Colonel Sydney W. Minor, of Dibrell Brothers, Danville, Virginia; Dr. Louis Camones, engineer of the American Cyanamid Corporation; and Harold N. Bixby, Vice-president of Pan-American Airways.

John B. Chevalier, director of the National Council of American Importers, will accompany the mission as secretary. Eugene Thomas, President of the Foreign Trade Council, was omitted from the list originally announced, but it was understood that he might join the mission later. Guy Holman, vice-president of the National City Bank, and H. B. Philips, vice-president of General Motors Corporation, were scheduled to meet and assist the mission in the Far East.

Cameron Forbes, in a statement at San Francisco, before sailing March 22, said, "The object is to study the history and the probable future trend of trade relations between Japan, China and the United States. It will be the mission's earnest effort to find what can be done to bring about favorable relations."

Shanghai-American Chamber Entertains Los Angeles Business Party

The Shanghai American Chamber of Commerce entertained the Los Angeles Chamber of Commerce party at the American Club March 28. C. H. French, president of the Shanghai Chamber, presided. Consul General Cunningham and Julean Arnold, Commercial Attache, were present as guests. Short speeches were made by several of the Los Angeles visitors.

W. I. Hollingsworth, first vice president of the Los Angeles Chamber, spoke of the importance of securing a new American government building here. William S. Rosecrans, second vice president of the Los Angeles Chamber, outlined the work which the Los Angeles Chamber was doing. Charles P. Bayer, field secretary of the Los Angeles Chamber, invited Shanghai business leaders to contribute exhibits to the San Diego Exposition next year.

The following is a list of the members of the Los Angeles party, all being resident in Los Angeles, except where otherwise indicated:—Mr. and Mrs. Charles S. Alexander, Whittier, California; Mr. and Mrs. Charles P. Bayer, (Los Angeles Chamber of Commerce), Mrs. Walter B. Cline, Beverly Hills, California; Mr. and Mrs. Albert E. Colburn, (Colburn's Furs); Mrs. Albert Crutcher; Mrs. E. M., Guthtrie, Mr. and Mrs. W. I. Hollingsworth, (W. I. Hollingsworth and Company); Mrs. A. W. Hudson, Dr. and Mrs. E. O. Palmer, (Investments); Mrs. M. A. Patty; Mr. and Mrs. Williams S. Roscecrans, (Investments, Oil Producer and Rancher); Mr. and Mrs. John Newton Russell, (The Pacific Mutual Life Insurance Company); Mrs. Waller Taylor, Mr. and Mrs. Charles A. Tegner, (real estate and insurance, Santa Monica); Mrs. Florence A. Wright, Beverly Hills.

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"Clipper Pioneer" to Fly Across Pacific Next Week

PLANS have been completed for the giant "Clipper Pioneer" plane to make the first flight in the Pan-American airways trans-Pacific service next week. The "clipper" is to take off from Alameda Airport near San Francisco April 9. Route of the service as now mapped calls for the following hops: San Francisco to Honolulu, 2098 miles; Honolulu to Midway Island, 1149 miles; Midway to Wake Island, 1034 miles; Wake to Guam, 1334 miles; Guam to Manila, 1501 miles; Manila to Canton, 631 miles. Arrangements already have been concluded with Chinese officials for the Manila to Canton leg of the service.

At lonely Wake Island, unvisited by a naval vessel since 1923, the ammunition ship *Nitro* was due last week with an amphibian plane to make a hydrographic survey of this leading point on the projected California to China route. A staff of experts has sailed from San Francisco for Wake and Midway Islands, where shelter coves are to be prepared for the giant Sikorsky plane.

Trip from California to Alaska to Be Made in Four Days

United Airlines March 29 announced a schedule which will bring Nome, Alaska, within four days travel from San Francisco. The trip formerly took 30 days. Passengers bound for the far northern outpost will travel from San Francisco to Seattle by plane, board a steamer at Seattle to take them to Juneau, and there board a plane for Nome.

New 14-Passenger Douglas Plane Being Assembled at Lunghwa

The cases containing the China National Aviation Corporation's new 14-passenger Douglas airliner for the Shanghai-Peiping run were delivered at Lunghwa airdrome over the week end and assembly work was started April 1.

The plane is being assembled under the direction of Major Victor Bertrandis, veteran aviator and a member of the U. S. Army Air Corps for 13 years, who recently arrived from the United States. Major Bertrandis has a long record of successful aviation service. He flew with the late Lincoln Beachery and the late Art Smith in 1916; flew with Eddie Rickenbacker in France during the war; established a seaplane record with the U. S. Navy; flew the first auto-gyro in 1929 at Le Bourget, Paris; flew on the first passenger airline in the United States, Washington-Baltimore, in 1925; is a charter member of the Caterpillar Club; and finally, is now connected with the Douglas Aircraft Company. Mrs. Bertrandis was Miss Marguerite Clayton, a famous American film star in the days of silent movies.

Major Dichman Arrives in China to Study Aviation Problems

Major Ernest W. Dichman, assistant to the president of the United Aircrafts Exports, Inc., and one of the best-known aeronautical engineers in the world, recently arrived in Shanghai with the object of studying special problems of military and commercial aviation in order to formulate a program of aircraft development in China for the future. Major Dichman's experience with aeronautics runs back to the World War period; When the Armistice came, he was persuaded to delay resigning and went to what is now the Material Division of the Army Air corps at Dayton, Ohio. For several years he was chief of the airplane section of the Air Corps where he was responsible for development of aircraft for the army. While he was chief of this section he personally planned and engineered the first non-stop trans-continental flight from New York to San Diego. He was also responsible for the famed round-the-world flight, and he acted as engineering representative during construction of the World Cruisers at Santa Monica, California. In 1924 these planes passed through Shanghai. From 1924 to 1926, Major Dichman was chief inspector for the Air Corps Advanced Flying School at Kelly Field, Texas. He resigned from the army in 1929 to accept the position of chief engineer for the American Airplane and Engine Corporation. He was also responsible for the selection and development of the U. S. Army round the worldcruisers which were the first air-planes to circle the globe. He has been actively engaged in flying since 1917, and holds the rating of Ministry Aviator, also holds license of Airplane Transport Pilot from U. S. Department of Commerce. He is the inventor of the Dichman Effect for introducing automatic lateral stability in an airplane and has been granted a patent on the said invention, used on many airplanes in China.

More Details of Activities of China's National Aviation Council

The *Japan Advertiser* of March 24 stated that a China National Aviation Council is being established, with General Chiang as chairman. Other members will be Chen Ching-yun, Huang Ping-heng, Shen Te-hsieh and Mao Fang-shueh, all of whom were trained in Europe. The air force will be increased to 3,000 planes over a period of three years, and 2,000 army aviators trained. A great air base will be established at Loyang, with an underground airdrome with a capacity of 1,000 planes, and the students in aviation schools at Loyang and Hangchow will be increased from 800 to 1,300. The Chinese air forces are being built up under the direction of 27 American and 18 Italian aeronautic advisers.

Tokyo Journal Urges Government to Frame "Adequate" Aviation Policy

The *Tokyo Asahi* urges on the Government the necessity of framing an aviation policy on an adequate scale. It is a matter for gratification, it says, that a representation on the development of civilian flying, introduced by members of all parties conjointly, has been approved by the House of Representatives, but its adoption means nothing more or less than an impetus to the establishment of policy. The important question is how the Government will frame its aviation policy. The Tokyo journal proceeds to say that the subsidy granted by the Japanese Government to civil flying is puny by the side of the subsidies allowed by other Governments.

Six Sites For Airdromes Selected in Borneo

Sites for six new airdromes have been selected in Borneo for the purpose of the projected air route between Singapore, Borneo, the Philippines and Hongkong. The airdromes will be at Kuching, Borneo, Bintulu, and Miri, in Sarawak, and Jesselton and Kudat in British North Borneo. They may serve as a final link in the Pacific air service planned by America via Honolulu, Wake Island, Tokyo and Shanghai.

Japanese Say Australian Air Program Is Linked with U. S. Plans

The United States and Great Britain are assumed to be cooperating in aerial defenses in the Pacific area in a report in the *Tokyo Jiji Shimpo* claiming that Australia is expanding its air force as part of the British Government's program to fortify the Pacific in concert with the United States.

Five Aviators of Kwantung Army Are Killed in Crash

A plane belonging to the Kwantung Army air corps while engaged in night flying over Kirin suddenly crashed at 8:30 o'clock on March 22, killing five private airmen on the spot.

Flying Boat Crashes in Japan—Three Killed

A naval flying-boat crashed and broke in two off the Tateyama air base Mar. 30, bringing death to three and serious injuries to the remaining four members of the crew.

Shanghai-Taching Service to Open April 15

Barring unforeseen circumstances, operation of through airplane service between the Shanghai-Hami and Hami-Tacheng sections of the Shanghai-Sinkiang Airway will be started on April 15. The section between Shanghai and Hami, eastern Sinkiang, will be operated by the Eurasia Aviation Corporation which will extend its present Shanghai-Lanchow (Kansu) service to Hami. The airplane service on the Hami-Tacheng section will be run by the Sinkiang Provincial Government. Hami will be the connecting point of the through service.

New Air Regiment for the Defence of Osaka

The *Osaka Mainichi* states that the Japanese military authorities have informally decided to organize a new air regiment for the defence of the district around Ozaka. Exactly where it will be stationed remains to be decided, but the probability is that somewhere near Osaka or a point near Himeji will finally be chosen. The expenditure involved is estimated at Yen 30,000,000.

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Another Life-Line

(*Japan Chroncile*, *Kobe March* 16)

Japanese merchants in Java have appealed for the extension of the Formosan air route to Java and the South Seas. Whether there is sufficient inducement to make the extension a commercial proposition is apparently beside the point, for the petitioners stress rather the necessity of guarding "the life-line in the South Seas" —an unfortunate phrase which doubtless will be taken note of by the Government of the Netherlands Indies. It was the necessity of guarding the life-line which detached Manchukuo from the rest of China. Not that we suggest Japan has aspirations in the South. We prefer to accept the oft-repeated assurances of the Foreign Office that Japan does not covet a single inch of anybody's territory. It is the mentality behind the petition that is disturbing. What is there an guard in the South Seas? Certainly not trade. for the trade of the Mandated Islands is negligible, and the Japanese merchants of Java can hardly be advocating that Japan should assume the task of protecting the East Indies.

It is also quite evident that the petitioners are not acquainted with the Navy Ministry's views on air bases. An American company is about to establish a Pan-Pacific airways route, and yesterday Tokyo was quoted as expressing apprehension, since civilian air bases are so easily convertible that in effect they are nothing more than military outposts. If that is true, Japan must relinquish out of hand all thought of an air service to the South Seas. For the terms of the mandate wiil not permit it. There are limits to the art of having it both ways.

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Senate Authorizes $2,000,000 Fund for Air Line from U.S. to China

The U.S. Senate Mar. 26 adopted an amendment to the U.S. $900,000,000 Treasury-Post Office Supply Bill, authorizing expenditure of U.S.$2,000,000 to encourage establishment of an airline from the Pacific Coast to China.

Who's Who in China

賈桂林字文煥
Chia Kuei-Ling
(Chia Wen-huan)

Chia Kuei Ling, customs superintendent; born at Tai Ku Hsien, Shansi, 1895; B.A. (Politics), National Peking University; secretary to the Bureau of Finance, Kwangtung Province; secretary to the Ministry of Industry; assistant director of the Surtaxes Bureau, Wuhu; inspector of the Rolled Tobacco Department of the Ministry of Finance; auditor of the Rolled Tobacco Department of the Ministry of Finance; superintendent of the Chinkiang Customs; now, superintendent of the Nanking Customs; address: Customs Office, Nanking.

賈桂林字文煥，山西太谷縣人。年四十歲，國立北京大學政治系畢業學士，廣東財政廳秘書，財政部蕪湖口內地稅局副局長，財政部捲菸處視察，財政部捲菸處稽核，財政部鎮江海關監督，現任財政部金陵海關監督。

British Minister Discusses Treaty Revision with Hsu Mo

The question of revision of the Sino-British Commercial Treaty of 1903, which expired in July of last year, was the subject of conversations between the British Minister, Sir Alexander Cadogan, and Vice-Minister of Foreign Affairs Hsu Mo, when the former called at the Foreign Office April 1.

Nelson T. Johnson, the American Minister to China, who is now in Peiping, will visit Nanking next week. It is stated that Minister Johnson will call on the officials of the Ministries of Foreign Affairs and Finance in connection with the projected international loan to China, and also to engage in preliminary negotiations for revision of the Sino-American Commercial Treaty. The *China Times* says it is understood that Mr. Johnson has received fresh instructions from the State Department in Washington in connection with these negotiations.

Judicial Yuan to Organize Extrality Abolition Study Committee

The first meeting of the Judicial Yuan was held at Nanking April 2 under the chairmanship of Chu Cheng, President of the Yuan. The meeting was attended by more than ten high officials of the various organization under its jurisdiction, including Tan Cheng, Dr. Hsieh Kuan-sheng, Mao Tsu-chuan, Cheng Lieh, Wang Yung-ping, Hsieh Chien, Hung Lu-tung, Hung Yu-lan, and several others. A resolution was adopted for the formation of a Committee for the Study of Judicial Rights as a preparatory step towards the abolition of the system of extraterritoriality in China.

Young Woman in Oklahoma Shoots Chinese Student

Miss Lois Thompson of Thalequah, Oklahoma, shot and severely wounded Daniel Shaw, Chinese student at Northeastern State Teachers College, Mar. 28. She accused him of writing anonymous letters threatening to extort money from her. Shaw absolutely denied the charge. Tsin Long Ouang, Chinese Vice Consul, called on Oklahoma public officers to protect the interests of the youth.

"Heart Balm" Banned by New York State

Governor Lehman of New York Mar. 29 signed a bill abolishing damages for mental anguish in breach of promise cases. Fines and prison penalties are provided for women who try to obtain money on such grounds.

U. S. Trade Figures for February Reveal Favorable Balance

The foreign trade of the United States for February showed a favorable balance of approximately $10,500,000, it was disclosed by official Department of Commerce figures end of last week.

Something Children Often Forget.

Little children, absorbed in their games, often disregard nature's call—they are too young to understand the importance of immediate attention to such matters.

This neglect results in constipation, loss of appetite, indigestion, biliousness, bad breath; the child becomes moody, fretful, feverish and generally out-of-sorts. When such is the case a dose of Baby's Own Tablets will usually quickly correct the trouble, relieve the congestion, and restore normal functioning and health.

Many of the ailments to which young children are subject have their origin in the stomach. If children are to thrive they must eat well, digest what they eat, and be unfailing in

Regularity of the Daily Habit.

They can only do so when the stomach and intestines are in perfect working order; Baby's Own Tablets ensure this.

The prescription of a British medical child-specialist, the tablets are pleasant in taste, so there is never any trouble in administering them. They are guaranteed absolutely pure, and equally suitable and safe for the youngest infant in arms as for children more advanced in life. An occasional dose, when needed, of this ideal medicine for the very young will keep your little ones happy and well.

Chemists everywhere sell

For Stomach and Teething Troubles.

Wise Parents Keep Them Handy.

Men and Events

The China Travel Service is sponsoring a sightseeing trip to Tsingtao, leaving Shanghai on April 19.

Pearl White, a cinema star of a decade ago, specializing in melodrama, was a visitor in Shanghai during the week.

The name of the American school publication in Shanghai has been changed from the "S.A.S. Nooze" to *Shanghai American*.

The Portuguese warship *Goncalves Zarco* after a short stay in Shanghai last week proceeded to Nagasaki, arriving there April 3.

The annual meeting of shareholders of Millington, Ltd. was held Shanghai Mar. 29. A profit of $8,536.82 for the last six months was reported.

David P. Gill, manager of the American-Oriental Bank in Tientsin, who has been in Shanghai on a business trip for several days, returned to Tientsin last week.

Fu Lu-lin, formerly member of the Legislative Yuan, who has been appointed Chairman of the Yangtsze River Conservancy Commission, assumed his duties April 1.

Yu Yah-ching, general manager of the San Peh Steam Navigation Co. entertained the captains of the teams of the Chinese Y.M.C.A. Membership Drive at tea April 2.

The death occured in Peiping Mar. 28 of George Kellotat, a marine privite attached to the Legation Guard. He was the son of August Kellotat, of Portland, Oregan.

John S. Littell, who has recently been stationed in Mexico City, soon will return home to China, serving as a Consul in the Shanghai office. Mr. Littell was born at Wuchang.

The daughter of M. T. Liang, a retired government official who now lives in Tientsin, was presented at the British Court Mar. 29 by Madame Quo Tai-chi, wife of the Chinese Minister.

Martin R. Nicholson, United States Treasury Attache, was host Mar. 30 at a riffin party at the Park Hotel in honor of Loy Chang, Director General of the Chinese Maritime Customs.

The death occurred Mar. 27 of Dr. E. A. Sperry, well-known American professor of metallurgy at Peiping University. Dr. Sperry had been on the Peiyang University faculty for the past 23 years.

Vicki Baum, German authoress, who gained fame by writing "Grand Hotel," which achieved great success both as a book and a cinema picture, was a visitor to Shanghai last week in the course of a tour of the Far East.

Rev. Tom Blakely of the Irish Presbyterian Mission in Manchuria is at present in Peiping, where he is a student at the College of Chinese Studies. He is looking forward to Y.M.C.A. work in Manchuria next year.

Bruno Schwartz, well known former publisher of the *Hankow Herald* and the man who introduced the Claude-Neon light in China, has returned to Shanghai in the interests of the American Shoe Machinery Co. He is staying at the American Club.

Hsiung Hsi-liang, a former Premier of China, and his wife the former Miss Mao Yen-wen, Professor at the Futan University, whose marriage in Shanghai last month aroused nation-wide interest, have in the meantime returned to Peiping.

The China General Omnibus Co. of Shanghai held its annual meeting last week. A profit of $186,694 was reported for the year 1934. No dividend was paid, however, as losses made in previous years have to be made up. The loss in 1932 was $356,062.08.

Louis T. Kenake, deputy clerk of the U.S. Court for China, was taken to the Paulun Hospital April 1 after he had developed erysipelas in his left foot, injured some time ago. His condition is not serious and he is expected return to his post in about a week.

Cheng Tien-hsi, formerly Vice-minister of Justice, has been appointed by the Executive Yuan to be China's delegate to the Chinese Art Exhibition in London. During his trip abroad Mr. Cheng will be given the treatment as accorded Chinese ministers to foreign countries.

Dr. Arthur Holcombe, professor of Political Science of Harvard University, now visiting professor at Central University in Nanking, will proceed to Peiping and Hankow shortly to deliver a series of lectures on political subjects at the invitation of educational circles of said two cities.

An erroneous report in a Chinese newspaper that Harold Isaacs, an American journalist who formerly conducted the *China Forum*, a radical journal in Shanghai, had been arrested in Peiping disclosed the fact that it was his Chinese secretary that had been taken into custody.

As a contribution to the National Government, six wealthy overseas merchants in Hawaii, under the leadership of Dow Wai-seng, are raising funds among their compatriots in the Islands for the construction of a new building for the Chinese Consulate-general at Honolulu.

Suit involving $106,320.25 has been filed in Italian Consular Court in Shanghai against S.A.I. Forum, Tientsin hai-alai concern, by the Oriental Construction Co., contractors. The claim is based on a construction contract for $342,550.60, of which $227,000 has been paid.

The A. B. C. Press has moved from its old location in Kiukiang road to Lane 126, 20 Szechuen Road.

Chen Pao-shen, Imperial tutor during the last years of the Manchu dynasty, died at his home in Peiping Mar. 5 at the age of 88. Mr. Chen's dying words to his family were that he hoped none of his descendants would enter official life. He also requested he be buried in Manchu ceremonial robes.

Ladies Night, an annual feature, was observed at the Shanghai American Club March 31, when a dinner was served, followed by dancing. P. S. Gilman president of the club, received the guests. Joseph Fistere was general chairman of the celebration; George F. Schecklin was chairman of entertainment.

Miss Pauline Beck, well-known American portrait painter, proceeded to Peiping this week, after having been on a visit with her aunt, Mrs. Lansing Hoyt. She will stay in Peiping for several weeks and then return for a brief visit to Shanghai before leaving here for America via Japan. She came here from India.

The U.S.S. *Augusta*, flagship of the U.S. Asiatic Fleet under command of Admiral Frank B. Upham, arrived in Shanghai Mar. 31 as the first of 28 American warships which will come up to Shanghai from the south during the month. The *Augusta* will leave for Japan for a short stay accompanied by several smaller vessels, April 30.

Dr. Earnest B. Price, formerly connected with the U. S. Consular service in China and later connected with aviation development in the Yangtsze valley, and last year a member of the school of International relations at Johns Hopkins university, has been appointed director of International House at the University of Chicago.

Mr. Suma, Japanese Consul-General at Nanking, called on Tang Yu-jen, Vice-Minister of Foreign Affairs, March 2 and discussed with him the issue of extra-Settlement Roads in the Hongkew District in Shanghai. It is understood that the Japanese may yield to the Chinese demand for the retrocession of these roads to Chinese jurisdiction.

Seven workmen were killed instantly and 44 others injured when a hydrogen tank in a nitrogen fertilizer plant at Konan, in the province of Kankyo Nando (Korea) exploded April 1. In addition no less than 500 others suffered damage to their eardrums. All window panes in the neighborhood were shattered by the force of the explosion.

Dr. Luther A. Weigle, Dean of the Divinity School of Yale University, who has come to China at the invitation of the National Committee for Religious Education in China, will be present at the Biennial Meeting at the National Christian Council in Shanghai which will be held April 25 to May 2. He is at present traveling in North China.

Dr. John Henry Wigmore, dean emeritus of the School of Law of Northwestern University, and Mrs. Wigmore were expected to arrive in Japan on April 4 Dr. Wigmore is coming to Japan at the invitation of the Society for International Cultural Relations and Keio University, for the purpose of continuing and possibly completing his translations of old Japanese laws.

Miss Wong Wei-chuan, a Chinese cinema actress attached to the Star Motion Picture Company, famous for her 11 wicked-woman roles, swallowed an overdose of sleeping medicine on the night of March 23 after having dined and danced with a friend. Her maid discovered her in a critical condition. She was saved from her attempted suicide by prompt medical attention.

G. H. C. Hart, director of the Economic Affairs Department of the Netherlands government, and Mrs. Hart, who are now on a tour in China to promote Sino-Netherlands trade relations, were guests at a dinner party at the Chinese Bankers Club in Shanghai Mar. 29 given jointly by the Shanghai City Chamber of Commerce, China Foreign Trade Association, National Chamber of Commerce and the Institute of International Relations.

The University of Shanghai held its spring vacation from March 29 to April 4. Den Dah Ling, one of the graduates of the Seminary of the University, who was sent to Mongolia last year as the first evangelistic missionary, has just returned to Shanghai for a brief visit. The first Joint Conference of the Chekiang Baptist Convention and the Soochow-Shanghai-Wusih Baptist Association was in session on the riverside campus of the University during the week.

Mrs. Lucile Brian Harrison of Evanston, Ill, and her niece Miss Genevieve Abney of Brownwood, Texas, are visiting in Shanghai and are staying at the Park hotel. Mrs. Harrison, following the death of her husband, who was publisher of a paper at Danville, Ill., went to Chicago where she served as representative of *Editor and Publisher*, the newspaper trade magazine. Mrs. Harrison and her niece are traveling around the world, and after a few days here will proceed to south China.

Miss Betty Turner, winner of the 1934 Pulitzer prize at the School of Journalism, Columbia University, N. Y., arrived in Shanghai this week on a tour of China for the purpose of collecting information for a series of articles. Miss Turner spent six months in Japan, Korea and Formosa and after several weeks here will return to the United States by way of Russia and Europe. While in Japan, Miss Turner served for a time on the staff of the *Japan Advertiser*, American paper in Tokyo.

China Alcohol Distillery Formally Opened at Pootung

The formal opening of the China Alcohol Distillery took place at Pootung (across the river from Shanghai) Mar. 31. The ceremony opened with a report given by O. S. Lieu, general manager of the China Steam Navigation Company, who presided over the meering. Mr. Lieu pointed out that the completion of the distillery marked the realization of a further stage in a long cherished plan of the Ministry of Industry for the development of basic industries in this country.

Foreign Affairs Office Announces Many New Appointments

The following appointments were announced by the Ministry of Foreign Affairs Mar. 30.—Kao Tsung-wu, Assistant Director of the Asiatic Affairs Department of the Ministry, to be promoted director in succession to Shen Ching-ting who has been appointed Minister to Panama: Yu Chuan-chi, former Consul-General at Havana, to be Consul-General at New York; Huang Chao-chin, Section Chief of the Intelligence and Publicity Department, to be Consul-General at San Francisco; Yeh Ko-liang (former Consul-General at New York) and K. L. Kwang (Consul-General at San Francisco) are recalled to serve as members of the Treaty Commission; Ling Ping, former Minister to Cuba, to be Counsellor in the Ministry. Messrs. Hsu Nai-chien and Chien Tsun-tien to be chiefs respectively of the correspondence and official ceremonies sections in the General Affairs Department.

Shanghai Foreign Y. M. C. A. Holds Annual Meeting—$28,578 Deficit

The annual general meeting of the members of the Foreign Young Men's Christian Association of Shanghai was held Mar. 26. The following members were elected or re elected to the board. To serve three years: C. S. Franklin, I. G. Riddick, W. E. Souter, J. H. Sutcliff; to serve two years: K. W. Irle; to serve one year: Dr. J. C. McCracken and R. M. Vanderburgh. A vote of thanks was extended to Brigadier-General E B. Macnaghten and E. F. Harris, members of the board who are going away on home leave, and to H. H. Arnold, chairman of the house committee, as an appreciation of their efforts for the organization. The balance sheet for the Foreign "Y" for the year ending December 31, 1934, showed a deficit of $28,578.26, $17,786.43 above that of the previous year.

New Engineering Works Will Not Pay Preference Dividend This Year

The New Engineering and Shipbuilding Works, Ltd. of Shanghai, whose Tls. 2,500,000 8 percent preference shares have been one of the best securities in Shanghai, will this year, for the first time in its history, not pay the preference dividend. The directors' report issued this week, laconically stated, "The directors regret that they cannot in the circumstances recommend the payment of the preference dividend in respect of the year 1934." The loss for the year amounted to $116,761,49. Last year's preference dividend was largely paid from the equalization of dividend reserve fund. Arnhold & Co., Ltd. are the general managers.

Trial of Korean Murderer Starts at Japanese Consulate

The preliminary trial of Yen Heng-sueng, Korean, self-confessed murderer of Li Young-ru, advisor to the Korean Residents' Association, and his accomplice was started in the Japanese Consular Court this week.

As a result of the murder last week of Li Young-ru, Japanese and French Concession police officers have been rounding up members of a secret Korean political party whose members are believed responsible for his death. Japanese officials raided a house at No. 108 Shieh Shen Li and arrested several Koreans, who have been detained for questioning.

U.S. Marine Knocks Down Coolie with Fatal Results

A Chinese coolie, who was knocked down by Private Millard R. Cox of the U. S. Fourth Marines, in Route des Soeurs, on the night of April 1, died several hours later in hospital. The incident occurred while Millard was acting as escort to a young lady. The French Police are assisting the Fourth Marines in investigating the affair.

In the United States Court for China

In re. Last Will and Testament of FLORENCE VESTA FOBES, also known as FLO V. FOBES, Deceased

Cause No. 3832
Special Proceedings No. 1011
NOTICE
Filed at Shanghai, China, March 22, 1935.
William T. Collins, Clerk.
L. T. Kenake, Asst. clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FLORENCE VESTA FOBES, also known as FLO V. FOBES, deceased, to present the same with vouchers to the undersigned on or before September 30, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

VESTA SAUNDERS,
c/o Dr. George Sellett,
354 Hamilton House,
Shanghai, China.

Shanghai, China.
March 22, 1935.

In the United States Court for China

In re. Estate of JOHN ROBERT KORFF, Deceased

Cause No. 3834
Special Proceedings No. 1013
NOTICE
Filed at Shanghai, China, March 28th, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of JOHN ROBERT KORFF, deceased, to present the same with vouchers to the undersigned on or before October 5, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

RAVEN TRUST COMPANY,
FEDERAL INC., U.S.A.
Nanking Road,
Shanghai, China.

Shanghai, China.
March 28, 1935.

New Books of Interest in the Far East

A Thrilling Tale of Civil Struggle in the Urals

Chapayev, by Dmitri Furmanov. Translated from the Russian. Moscow: Cooperative Publishing Society of Foreign Workers in the U.S.S.R. 1934. 423*p. Paper cover, 4 roubles; cloth cover, 5 roubles.*

The stark realism of Soviet novels is applied here to one of the most bitter and cruel periods of civil struggle in communist Russia —the fighting between the Red and White armies on the Ural front. It is the moment when the Kolchak front is crumbling, as the Red Army advances against Perm, Kazan and Samara. Without elaborate descriptive background the events and characters make a saga of heroic struggle, bloody reprisals and human emotions. There is no place for a love motif in this story. The romance is supplied by the feeling of the soldiers for Chapayev.

Chapayev, an historical character, is an almost fabulous figure of the steppes, a spiritual descendent of Pugachev, of Stenka Razin, of Yermak. Those men acted in their own way in their own times; but so also Chapayev's feats are the product of his own time. He is "more of a hero than a fighter, more of a passionate seeker after adventure than a conscious revolutionary." There is in him a profound unrest, a thirst for exciting experiences. He dominates the story, tantalizing the reader just as he casts a spell too over his soldiers.

To a reader interested in the political side of the struggle, the relations between the army leaders and the political organs are enlightening. The author, Dmitri Furmanov, who relates his own experiences in the character of Fedor Klychkov, was 28 years old when he was sent in 1919 to serve as a communist commissar in a red division fighting against Kolchak. It would be difficult to obtain a more vivid picture of the commissar's activities than one finds here, based upon the author's personal experiences. Sent directly from the Central Committee of the party, the commissar had to convince the men that class consciousness was necessary, but this political aim was carried on under the most difficult conditions.

The contrast between Chapayev and Klychkov the commissar presents one of the problems of the story as well as of the communist state. The magnificence of the military leader, the glorious legend of his name, the blind devotion of the people inspired by his personality is dramatically handled. But the author writes, "How magnificent all this was, but how wrong, harmful and dangerous!" The author's communist distrust of his own popular hero is well analyzed.

The popularity of the book not only in its Russian editions but also in the French and Spanish translations is not difficult to understand. This story was made into a moving picture in Russia which was shown last month to a New York audience. It is currently the most popular film in Russia, playing simultaneously in seventeen Moscow theatres. Chapayev is more than a political problem analyzed, far more than a hero glorified; it is the picture of a people's struggle, and as such this book has its great appeal.

> "These masses were heroic but raw; the time was one of supreme agony . . . . The exaltation of the masses defies description, the spirit that animated them will never recur, because it was the outcome of a long series of events . . . preceding and accompanying the Civil War. As one cannot put the clock back, so one cannot bring back these complex causes and the temper born of them. There will be other times in future history —splendid and momentous times—but they will be different."

F. M. R.

Maugham's Two-Inch Shelf of Books

Traveller's Library. Compiled and with Notes by W. Somerset Maugham. 1688 *pp. Doubleday, Doran & Company, Inc., Garden City, New York.* 1933

In a single thick volume, in easily readable type, W. Somerset Maugham has collected some of the best British literature of today. Those who enjoy Maugham's own brilliant writings will enjoy his choice of writings from other authors, as given in this book. Maugham has himself written most beautifully and penetratingly, particularly of China and the East, but this present volume contains nothing of his own excepting his introduction and his editorial notes.

Maugham states in a general introduction his modest object in preparing this book: "I have asked myself what I should like to take with me in a single volume of reasonable size if I could have but one book and were travelling from New York to San Francisco by train or across the Atlantic on a tramp steamer." He has chosen from British writers because he knows "current English literature better than current American," because this gives "at least an illusion of unity," and because recent American literature is so rich in short stories and light novels that he "should have been overwhelmed by the mass of matter." He tells us truthfully that the reader of the volume will find humor and pathos, but not the namby pamby. The collection includes novels, short stories, essays, and poems.

It is, indeed, an extraordinarily varied, interesting, and well-chosen collection of modern British literature. There is one long novel, Arnold Bennett's "Old Wives' Tale," and two shorter ones, Frank Swinnerton's beautiful "Nocturne" and E. C. Bentley's detective story "Trent's Last Case." The short stories include the great Joseph Conrad's "Youth" and "An Outpost of Progress," H. G. Wells' old fantasy "The Country of the Blind," D. H. Lawrence's "The Prussian Officer," Max Beerbohm's "Happy Hypocrite" and "Enoch Soames," Arthur Machen's "Inmost Light," E. M. Forster's "Celestial Omnibus," Oliver Onion's original "IO," Percival Gibbon's brilliant thriller "Second Class Passenger," Aldous Huxley's "Tillotson Banquet," Michael Arlen's "The Man with the Broken Nose," Martin Armstrong's ironical "Biography" and "The Poet and the Mandrill," William Gerhardi's "The Big Drum," David Garnett's unique "Lady into Fox," Saki's (*alias* H. H. Munro's) clever "Louise," "Tobermory," and "Esme," and a number of other tales.

The essays are on an equally high level. They include Bertrand Russell's "Eastern and Western Ideals of Happiness," "On the Value of Scepticism," and "A Free Man's Worship," I. B. S. Haldane's "The Last Judgment," Julian Huxley's "Religion and Science: Old Wine in New Bottles," John Galsworthy's "Reminiscences of Conrad," Edmund Gosse's "Swinburne" and "Robert Louis Stevenson," as well as essays by Beerbohm, Aldous Huxley, Desmond MacCarthy, and Virginia Woolf, having to do with Swinburne, Wordsworth, Voltaire, and Dr. Johnson respectively. There is also Lytton Strachey's essay on Florence Nightingale.

Maugham's selection of poetry is a special one. He states frankly "I do not know anything about prosody . . . . I have no doubt that poetry is the highest achievement of the human mind and the writer of prose is not to be considered in the same breath as the poet . . . But . . . . I cannot contemplate beauty very long at a time . . . my attention wanders." He offers, however, a brief selection of verse which seems to him "moving, significant, and sometimes beautiful." They are mostly poems of movement and action, with little that is merely contemplative, and the choice itself is a most interesting one. It includes Masefield's "Sea Fever," a number of poems by Rupert Brooke, Walter de la Mare, Yeats, Robert Bridges, J. E. Flecker, Roy Campbell, Hilaire Belloc, Frances Cornford, and Ralph Hodgson, as well as William H. Davies' "Leisure," and a poem each from Alice Meynell, W. J. Turner, Joseph Plunkett, and Sacheverell Sitwell. There are five of Siegfred Sassoon's poems, including the immortal "Base Details":

> If I were fierce and bald and short of breath,
> I'd live with scarlet Majors at the Base,
> And speed glum heroes up the line to death.
> You'd see me with my puffy petulant face,
> Guzzling and gulping in the best hotel,
> Reading the Roll of Honor. "Poor young chap,"
> I'd say—"I used to know his father well;
> Yes, we've lost heavily in this last scrap."
> And when the war is done and youth stone dead,
> I'd toddle safely home and die—in bed.

A splendid collection, with Maugham's notes on each of the six sections of the book.

H. H.

Credit Men's Business Directory, Shanghai, 1935 Is Published

The Credit Men's Business Directory of Shanghai, 1935, is a substantially bound volume of almost 700 pages, published by the Bankers' Co-operative Credit Service, Ltd., for which Millington Ltd., are the sole distributors. The outstanding feature of this Directory is that it is the only Directory published by foreigners which has given the names *in Chinese*, as well as in English, of all the prominent Chinese connected with any firm, be it foreign or Chinese; and a much larger proportion of Chinese hongs have been published in this Directory than in any other. In other respects the Credit Men's Business Directory follows the usual routine of Directories in this part of the world, first listing the names of the firms alphabetically, with addresses, names in Chinese, telephone numbers, telegraphic addresses, list of owners and employees; and also a list of the principal agencies. Trades and professions are classified in one section. There is both a Hong's Who's Who and a Homes Who's Who. A new departure in Shanghai directories is a section which gives the *Chinese* company names arranged alphabetically according to the English spelling, this being a particularly valuable feature. A feature which will be much appreciated by visitors or newcomers to Shanghai is the inclusion of a list of the various routes of the streetcars and buses. These routes nearly all follow a tortuous and circuitous path, very confusing to the newcomer. A new feature also is a "Building Directory." This gives the location of all the principal buildings, apartments, cinemas, theaters, hotels, etc. The address of Millington, Ltd., is Gallia building, 668 Szechuen Road, Shanghai.

Chang Kai-ngau Appointed a Deputy Governor of Central Bank, But Declines the Post

Chiang Kia-ngau, former general manager of the Bank of China, was appointed one of two deputy governors of the Central Bank of China, March 28, but on Aprll 2 it was announced that he had declined the position. He gave as the reason a desire to retire from active participation in banking affairs, following 23 years of strenuous work as general manager of the Bank of China.

Belgium Devaluates Currency---Turmoil in European Finance

The Belgian Government has devalued the belga, unit of Belgian money, by 25 percent, thus throwing European finance into a turmoil. There are strong denials on the part of the countries remaining in the gold bloc that they contemplate going off gold, but New York, London and Tokyo are reported to be watching the situation very carefully. Belgium's action is regarded in Germany as being a serious blow to the export trade, especially in iron and steel. Japan's main interest at the moment is in watching Holland, for if the Netherlands followed Belgium there would be an immediate effect on Japan's trade in the Netherlands Indies. Belgium's devaluation of her currency will not cause fluctuations in yen exchange, so long as it does affect the Anglo-American cross-rate directly, Tokyo exchange banking circles stated Mar. 20.

Twenty-two Executed in Russia in 12 Days

Twenty-two death sentences were pronounced in Leningrad, Moscow and Charkov, from March 16 to March 28. In most cases the charges were that the accused had fired on government officials or tried to destroy state property. All sentences were carried out immediately.

Mei Lan-fang Scores Great Success in Moscow and Leningrad

Daily telegrams from Russia tell of the great success achieved by Dr. Mei Lan-fang, China's greatest female impersonator, and his troupe. M. Molotov, chairman of the Council of People's Commissars, M. Voroshilov, commissar for Army and Navy, and many well-known writers, including Gorky and Tolstoy, are among those who have attended his performances. Madame Litvinov, wife of the commissar for foreign affairs, attended almost every performance. At the conclusion of every program she threw flowers to the Chinese actor. Dr. Mei and his party closed their engagement in Moscow March 30 and opened up in Leningrad April 2.

Scores of thousands of people attended the performances in Moscow, which met with an exceptional success seldom enjoyed by a foreign theater in the USSR. After each play the audience greeted the magnificent playing of Dr. Mei Lan-fang and his troupe with warm applause.

Miss Butterfly Wu, the noted Chinese movie star, and Chow Chien-yun, manager of the Star Motion Picture Co. of Shanghai were guests of honor at a dinner party at the Cinema House in Leningrad. Over 400 leading cinema directors, artistes, actors, writers and technicians were present at the function.

Plans to invite Mei Lan-fang to Japan were announced April 1 by Sadanji Ichikawa, leading Kabuki drama player. According to a tentative schedule prepared by him, Mr. Mei will play at the Kabukiza Theaters in Tokyo and Osaka probably in June.

China Exports to U.S.S.R. Show Increase

China's exports to Soviet Russia for February totalled $15,000,000, whereas those for January were only $9,300,000.

National Judicial Conference Will Be Held in Nanking Next September

The National Judicial Conference, planned by the Judicial Yuan, will be held in Nanking September 16 to 21. Besides the governing officials of the Judicial Yuan, the Ministry of Judicial Administration, the Supreme Court, the Central Committe for the Disciplinary Punishment of Public Functionaries, the Provincial High Courts and Judicial Officials' Training School, from 30 to 40 prison wardens will be designated to attend the Conference.

British Lead in Canton Foreign Population

The principal foreigners residing in Canton, according to recent statistics, are; English, 185; German, 91; Americans, 73; Russians, 14; Japanese 9; French, 9; Portuguese, 6.

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China's Export Tariff to Be Revised

With a view to developing the internal trade of the country, it is learned that the National Government has decided to revise the present export tariff. The Tariff Commission of the Ministry of Finance is understood to have been studying the question for the past several weeks and that the general principles regarding its revision are being discussed and formulated. As soon as definite measures of revision have been decided upon, they will be submitted by the Ministry of Finance to the Central Political Council for decision and later referred to the Legislative Yuan for enactment. It is believed that the work of revision will take two more months to complete and that the revised tariff will come into force on June 1.

Measures to protect the domestic trade and industry in China and to curtail the import excess over exports, with a tariff wall will be enforced on June 1, according to the *Central China Daily News*.

Kwangsi Gets $1,000,000 Loan from Oil Compaines

The Kwangsi Provincial Government has secured a loan of $1,000,000 from the three big oil companies in Hongkong, the Standard Co., the Asiatic Petroleum Co., and the Texas Co., for the development of industries in Kwangsi. The contract for the loan was signed on March 27.

Agricultural Bank of China Succeeds Provincial Institutions

Beginning April 1, the Four Province Farmers' Bank (Honan, Hupeh, Anhwei and Kiangsi) were renamed the Agricultural Bank of China.

Fukien and Canton Provinces Develop Sugar Industry

Half a million piculs of sugar were produced last year in the districts of Putien (Hinghwa), Sienyu, Tungan, Chuanchow, Changchow, Changpu, Changtai and Chaoan in south-eastern Fukien, according to an investigation by the Fukien Provincial Department of Reconstruction.

The Kwangtung reconstruction authorities have established the Sun-tso and Sze-tow sugar factories.

Industry Ministry Orders Improvement of China Tea Production

The Ministry of Industry has issued a circular order to the Departments of Reconstruction of the various tea producing provinces, instructing that measures for the improvement of the methods of cultivation and manufacture of tea should be introduced and enforced and more tea experiment stations established in order to study the methods of improvement.

Shansi to Build Taiyuan-Fengyang Railway

The Shansi Provincial Government has decided to build a new railway between Taiyuan and Fengyang. Survey work on the route of the projected line has already been started and construction work is scheduled to begin in June.

A trial run on the line Nanking-Wuhu railway, for freight traffic, was made on April 1. Regular service will be formally opened within a few weeks.

Increased Chinese Exports to Russia

China's exports trade to Soviet Russia in February amounted to over $15 millions,—an increase of 40 per cent over the previous month.

Suiyuan Plans Extensive Afforestation Scheme

An ambitions afforestation scheme is being mapped out by the Suiyuan Department of Reconstruction with the express object of preventing floods consequent upon the overflowing of the Yellow River in Suiyuan. The scheme includes the planting of extensive forests along the river embankments for about 100 miles in length, from Pinho to Paotou, and will involve an outlay estimated in the neighborhood of $480,000.

Canton to Set Up Broadcasting Station

Plans are now being made by the Kwangtung Provincial Department of Reconstruction for the establishment of a big broadcasting station at Canton. Sihpai has been chosen as the site.

Foreigners May Hold China Company Shares

Replying to a request by the Ministry of Industry, the Judicial Yuan Mar. 28 ruled that foreigners may serve as shareholders, directors and supervisors of Chinese companies provided that the same is not prohibited by the company's rules and the laws now in force.

Over 23 Million Trees Planted in Yunnan

A total of 23,643,613 trees have been planted in Yunnan during 1933 and 1934 as a result of the afforestation campaign launched by the Yunnan Provincial Government in compliance with measures devised by the National Government.

Robert Haas Continues Inspection Tour in Central China

Robert Haas, liaison officer for technical work between the League of Nations and China, arrived in Changsha end of last week. He latter proceeded to Nanchang to continue his inspection of reconstruction work in the country.

Imposition of Tax on House Rentals to Be Delayed in Kiangsu

It is understood that the Ministry of Finance has ordered the Kiangsu Provincial Government to delay enforcement of the new regulations, recently instituted by the Provincial authorities, for the imposition of a tax on house rentals.

Work Progresses on Nine-Province Telephone System

Work is progressing space on the projected telephone system, which, when completed, will link the nine provinces of Kiangsu, Chekiang, Hupeh, Honan, Anhwei, Hopei, Shantung, Shensi and Kiangsi, according to Hu Jui-hsiang, director of the long-distance telephone, engineering department of the Ministry of Communications, who arrived in Hsuchow last week on an inspection trip.

Site Is Chosen for Foochow Provincial Hospital

The site for the Foochow Provincial Hospital has been selected at Chi Siang Shan, outside the South Gate. A sum of $80,000, which was earmarked for the building of the Hospital but was seized by the Fukien rebels last January, has been refunded by the Fukien Provincial Government.

N.E.C. Refuses Further Assistance to Saratsi Scheme—Engineer Todd Replies

The National Economic Council issued a statement March 25 giving the reasons for its decision not to participate further in the irrigation work at Saratsi, Suiyuan Province, to the effect that the practical results have been disappointing, and it became clear that in order that greater benefits might be obtained the expenditure of more capital was necessary.

A study of the Saratsi scheme revealed, it was stated, that no complete topographic survey had been made before starting the original work, nor had sufficient information been collected concerning the hydrography of the Yellow River, which is the main source of the water for irrigation in that region. The N. E. C. also sought the opinion of the engineering committee of the League of Nations which, as part of the program of technical co-operation between China and the League, was in China to advise on hydraulic and communications problems.

The decision which has taken to suspend the work is based on the study and unanimous recommendation of these experts, acting in an entirely impartial capacity, the statement concluded.

O. J. Todd, chief engineer of the China International Famine Relief Commission, in the course of an interview in the *Peiping Chronicle*, March 27, said:—"We do not know why the N.E.C. declines further participation in the Saratsi project, but assume it is partly due to a shortage of funds and partly due to a misconception of the problem. The engineers of the C.I.F.R.C. disagree with the conclusions arrived at by the men delegated by the N.E.C. to review this question. The report of the N.E.C. engineers carries an intimation of failure that cannot be overlooked by those who have handled this project since 1929. However, for the technical side of the discussion there is but one appropriate place, and that is within the body of an engineering society such as the Association of Chinese and American Engineers which has in its membership most of the engineers who have taken a leading part in the work of this project. At its annual meeting in Peiping on April 6 the Association will listen to a paper on the technical and economic aspects of this problem and a discussion will be invited to bring out all views of engineers on the merits of various phases of the work.

Fees for Film Censorship Are Revised

Fees charged for film censorship as provided for in Article 12 of the Film Censorship Law have been revised. Any film submitted to the Film Censorship Board for examination will hereafter be charged a fee of $20 per 500 metres. Any film (or portion of a film) which is less than 500 metres long will be charged as for 500 metres. For any film re-submitted for examination, the fee will be doubled. It is provided, however, that no fee will be charged for the examination of any Chinese made film, although for expenses incurred by the Board in connection with the censorship a sum not exceeding $15 may be charged for each roll.

American Chamber Supports Film Board Protest in Censorship

A resolution of support of the Film Board of Trade (China) in its protests on certain regulations (particularly the retroactive features) of the National Government film censors at Nanking was adopted by the board of directors of the Shanghai American Chamber last week.

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The National City Bank of New York, Rates of Exchange

Shanghai, April 2, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.68
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.64
Demand selling rate on London:	£1.0.0=Sh. $ 12.88
Demand buying rate on London:	£1.0.0=Sh. $ 12.71

Latest New York Stock Exchange Quotations

April 3, 1935
Business Done:-
Total Volume: 530,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale Apr. 1	Last Sale Apr. 2
121⅝	90¼	4.00	American Can	115½	115¼
22¼	14⅝	0.40	Amer. Cyanamid "B"	16⅛	16⅝
13⅝	2	—	American & For. Power	3	3⅛
38⅝	9¼	—	American Locomotive	10½	10¼
17⅝	10	—	American Radiator	11⅞	11⅝
51¼	30¼	—	American Smelting	33½	32½
125¼	99¼	9.00	American Tel. & Tel.	102⅝	102⅝
89	67	5.00	American Tobacco "B"	76⅝	76¼
27⅝	7⅛	1.00	American Waterworks	10⅜	10⅜
17⅝	8	—	Anaconda Copper	10⅝	10
73⅝	36⅝	2.00	Atchison, S. & S. Fe	38¼	36⅞
35¼	21⅝	1.00	Atlantic Refining	22	22⅛
57⅞	15	—	Auburn	16	16
84½	7⅞	—	Baltimore & Ohio	9⅜	8½
23⅞	9⅜	—	Bendix Aviation	13¼	13¼
49½	22½	—	Bethlehem Steel	24⅝	24½
11¼	6½	—	Boeing Airplane Co.,	6⅞	6⅝
28¼	19⅜	1.60	Borden Co.	21¼	21⅜
33½	16⅛	1.50	Borg Warner	32	31⅞
18¼	9½	—	Canadian Pacific Railway	9⅞	9⅞
86⅜	36	—	Case, J. I.	50	48
43⅞	28	1.00	Caterpillar Tr.	39	38½
40⅜	15⅞	1.40	Chase National Bank	21¾	21⅝
48⅜	37½	2.80	Chesapeake & Ohio	39½	38⅜
60⅜	29¼	1.00	Chrysler	34⅜	33⅜
19¼	3⅜	—	Columbia Gas & Electric	5⅞	5⅞
36⅜	15⅝	0.60	Coml. Solvents	19½	19
3⅜	0⅜	—	Commonwealth & Southern (ord.)	0⅞	1
47⅜	16¼	1.00	Consolidated Gas of N. Y.	20½	20
22⅜	15½	0.50	Continental Oil	17	17⅛
84¼	55½	3.00	Corn Products	64½	64
9⅞	3⅜	—	Coty Inc.	4½	4¼
28¼	14½	—	Douglas Aircraft	20	19½
103⅞	80	3.25	Du Pont de Nemours	89¾	89½
23¼	3⅜	—	Electric Bond & Share	5⅞	5⅝
17½	8¼	—	Fox Film "A"	9¼	9⅛
25¼	16⅞	0.60	General Electric	22⅜	22
36⅞	28	1.80	General Foods	33¼	33¼
42	24⅝	1.50	General Motors	28⅝	28½
23	15½	1.20	Gold Dust	15⅝	16⅛
41⅜	16	—	Goodyear Tire & Rubber	17¾	17⅜
37⅝	18⅜	0.25	International Cement	23¼	23
29¼	21	0.60	International Nickel	24½	24½
17⅝	5⅜	—	International Tel. & Tel.	6⅜	6⅛
66⅜	39	—	Johns Manville	42¼	41¼
23¼	14	0.60	Kennecott	16	16
37¼	20⅜	2.00	Loew's Inc.	35⅝	35⅜
22¼	15⅜	1.20	Lorillard	19	19¼
35⅜	20	—	Montgomery Ward	23⅜	23½
49½	22½	2.00	Nat. Biscuit	22½	22¼
43	16⅞	1.00	National City Bank	19	18⅞
18⅜	13	1.20	Nat- Dairy Prods.	13⅜	14
31⅝	16	0.50	National Distillers	28	27⅜
15¼	5	0.80	Nat. Power & Lt.	6½	6½
45¼	12¼	—	New York Central	13⅜	13⅜
25¼	9½	1.00	North American	12	12⅛
23¼	12⅜	1.50	Pacific Gas & Electric	17	17½
37	19	2.40	Pacific Lighting	22½	23
6⅝	2⅜	—	Packard Motors	3⅜	3⅝
39¼	17¼	1.00	Pennsylvania Railroad	18⅜	18½
20⅜	13	1.00	Phillips Petroleum	15⅜	16⅛
45	20⅜	2.80	Public Serv. of N.J.	24⅜	24⅜
9¼	4	—	Radio Corporation	4½	4⅝
52⅜	43¼	3.00	Reynolds Tobacco "B"	45	45
38⅜	17⅛	—	Schenley	25⅛	25
51¼	31	0.75	Sears Roebuck	33⅝	34
19⅝	11	0.60	Socony-Vacuum	12⅝	12½
22¼	10⅜	1.50	Southern California Edison	13⅜	14¼
38⅜	13	—	Sthrn. Pacific	14¼	13⅝
36¼	7⅝	—	Sthrn. Railway	9⅝	8⅞
25¼	14½	1.00	Stand. Brands	15	15
17	1⅜	—	Standard Gas & Electric	3¼	3¼
42⅜	26½	1.00	Stand. Oil of Cal.	29¼	30
50⅛	35⅝	1.25	Standard Oil Co. of N. J.	37⅜	37½
66¼	47¼	3.80	Sterling Products	62	61½
29⅝	16⅝	1.00	Texas Corporation	18⅝	18½
43¼	29⅞	2.00	Texas Gulf Sulphur	30	29⅞
8¼	5	.12½	Transamerica	5¼	5
50⅞	35⅝	1.40	Union Carbide & Carbon	46¼	46¼
133⅞	83½	6.00	Union Pacific	85⅜	85
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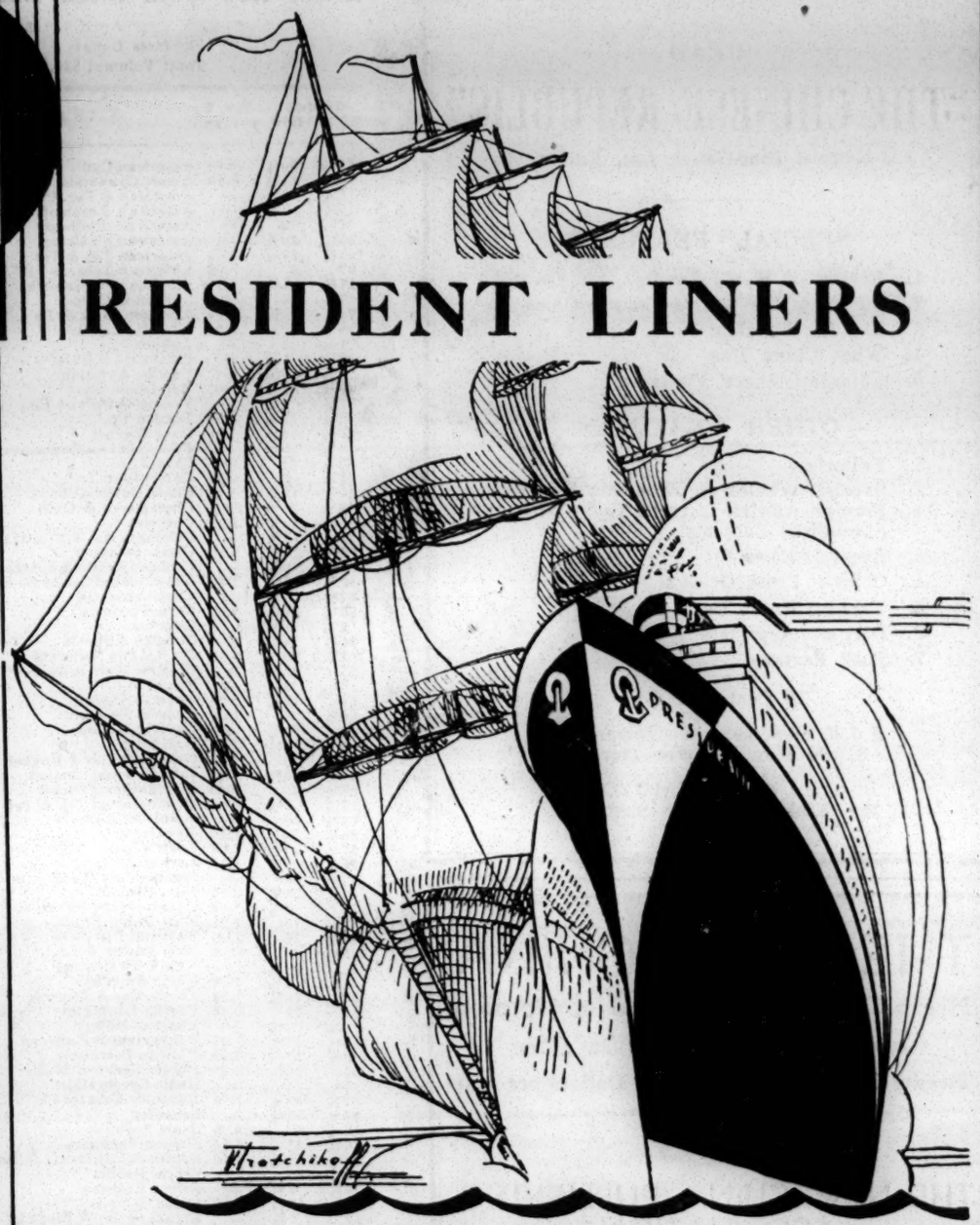

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